

**STATE OF OHIO  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL AND GAS RESOURCES MANAGEMENT**

In re the Matter of the Application of :  
Eclipse Resources I, LP for Unit Operation :  
: Application Date: October 22, 2020  
: Supplement Date: November 10, 2020  
Rufener B Unit :

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**APPLICATION OF ECLIPSE RESOURCES I, LP (“ECLIPSE”)  
FOR UNIT OPERATION**

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Attorney for Applicant

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**APPLICATION**

Pursuant to Ohio Revised Code 1509.28, Eclipse Resources I, LP (“Eclipse”) hereby respectfully requests the Chief of the Division of Oil and Gas Resources Management (“Division”) to issue an order authorizing Eclipse to operate the Unitized Formation and applicable land area in Monroe County, Ohio (hereinafter, the “Rufener B Unit ”) as a unit according to the Unit Plan attached hereto and as more fully described herein. Eclipse makes this request for, and unitization is necessary for, the purpose of increasing substantially the ultimate recovery of oil and natural gas, including related liquids, from the Unitized Formation, and to protect the correlative rights of unit owners, consistent with the public policy of Ohio to conserve and develop the state’s natural resources and prevent waste.

I.  
**APPLICANT INFORMATION**

Eclipse is a corporation organized under the laws of the State of Delaware, with its principal office located at 122 West John Carpenter Freeway, Suite 300, Irving, Texas 75039. Eclipse is registered in good standing as an “owner” with the Division.

Eclipse designates to receive service, and respectfully requests that all orders, correspondence, pleadings and documents from the Division and other persons concerning this filing be served upon, the following:

J. Taylor Airey (0081092)  
Austin Graybill  
Eclipse Resources I, LP  
122 West John Carpenter Freeway,  
Suite 300  
Irving, Texas 75039  
Tel. (469)505-1092  
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## II. PROJECT DESCRIPTION

The Rufener B Unit is located in Monroe County, Ohio, and consists of seventy-seven (77) separate tracts of land. See Exhibits A-1 and A-2 of the Unit Operating Agreement (showing the plat and tract participations, respectively). The total land area in the Rufener B Unit is approximately 484.609 acres<sup>1</sup> and, at the time of this Application, Eclipse has a lease on and the right to drill on and produce from approximately 80.38816% of the proposed unit or 389.568 acres of the proposed unit, which exceeds the sixty five percent (65%) threshold required by Ohio Revised Code 1509.28. Eclipse seeks this unit order for two reasons. First there are several tracts that are unleased or subject only to leases of fractional interests in the oil and gas underlying those tracts. These unleased and partially unleased tracts comprise approximately 9.10131% of the unit or 44.106 acres.<sup>2</sup> Second there are leases of fractional interests in several parcels in the unit that are held by a leasee who has not agreed to participate in unit operations with those interests. These uncommitted working interests amount to approximately 10.51054% of the unit or 50.935 acres.<sup>3</sup>

Overall, Eclipse seeks this unit order to allow it to develop the Rufener B Unit in accordance with the Unit Plan to protect the correlative rights of all of the interest owners in the unit and prevent the waste of natural resources that would otherwise occur. To effectively and efficiently develop the Unit Area, therefore, Eclipse seeks authorization from the Division, as more specifically described herein, to drill and complete one horizontal well in the Unitized Formation, from a well pad located off the southern portion of the Rufener B Unit, to efficiently test, develop, operate and produce the Unitized Formation for oil, natural gas, and related liquids production. Eclipse's plan for unit operations (the "Unit Plan") is attached to this Application as Attachment 1. Among other things, the Unit Plan allocates unit production and expenses based upon each tract's surface acreage participation in the unit, includes various operating provisions in the event that other entities or persons become owners in the unit, as that term is understood in the Revised Code, and conforms to industry standards for the drilling and operating of horizontal wells.

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<sup>1</sup> Unit acreage was determined by a survey of conducted of the unit for Eclipse.

<sup>2</sup> These interests are broken down in detail in Exhibit A-3 to the Unit Operating Agreement.

<sup>3</sup> These interests are broken down in detail in Exhibit A-4 to the Unit Operating Agreement.

**III.**  
**THE CHIEF SHOULD GRANT THIS APPLICATION**

**A      Contents of Application**

Pursuant to the Division's *Unitization Application Procedural Guideline* (dated November 2, 2018) a unitization application must include the following:

1. A cover letter requesting unitization.
  - See this Application.
2. An affidavit attesting that the applicant is the owner (as defined in R.C. 1509.01(K)) of at least 65% of the land overlying the pool that is the subject of the unitization request.
  - See Exhibit 9.<sup>4</sup>
3. A summary of the request for unitization that includes all of the following information:
  - a. A statement describing the reasons why unitization is necessary;
  - b. A description of the plan for development of the unit;
  - c. An identification of the geologic formation(s) to be developed;
  - d. An identification of the amount of acreage included in the unit and how the acreage was determined (Auditor's records, surveys, GIS, or other (specify));
  - e. An estimate of the value of the recovery and net pv10 of oil and gas for each well proposed to be drilled in the unit area;
  - f. An estimate of the cost to drill and operate each well in the proposed unit, including an explanation of what costs are included in the estimate; and
  - g. A designated contact person for the applicant for communication purposes with the Division, including legal counsel for the applicant (if applicable).
  - See entirety of this Application, and in particular Sections II and III(C).
4. Exhibits A-1 through A-6 (as applicable) including the name of each mineral owner, current address of each mineral owner, parcel number of the mineral owner's tract, and respective acreage of the tract according to the following:

Exhibit A-1: A plat map of the unit, identifying the counties, townships, section numbers, parcel boundaries, and all parcels in the unit, including the tract and corresponding parcel number.

- See Exhibit A-1 to the Unit Operating Agreement.

Exhibit A-2: A list identifying all mineral owners in the proposed unit, leased or unleased. This list is to be produced in both PDF format and Excel format with no color coding. If any subsequent revisions are made after the application has been submitted, an additional column shall be included on the Exhibit A-2 supplements that explains all changes made pertaining to each tract.

- See Exhibit A-2 to the Unit Operating Agreement.

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<sup>4</sup> References to Exhibit 1 through Exhibit 10 refer to those exhibits in Attachment 2.

Exhibit A-3: A list identifying all unleased mineral owners in the proposed unit including the tract, corresponding parcel number and acreage.

- See Exhibit A-3 to the Unit Operating Agreement.

Exhibit A-4: A list identifying all committed working interest owners in the proposed unit including the tract, corresponding parcel number and acreage.

- See Exhibit A-4 to the Unit Operating Agreement.

Exhibit A-5: A list identifying all uncommitted working interest owners in the proposed unit including the tract, corresponding parcel number and acreage.

- See Exhibit A-5 to the Unit Operating Agreement.

Exhibit A-6: A list identifying all parcels subject to ownership litigation. If any mineral owner in the unit is a corporation or other business entity, include the name of a contact person within that corporation or business.

- See Exhibit A-6 to the Unit Operating Agreement.

5. A mailing list in Excel format containing only the names and addresses of all mineral owners (leased and unleased) and all working interest owners (committed and uncommitted).

- See Attachment 7.

6. A map that shows all of the following:

- The boundary of the proposed unit area;
- The total acreage of the proposed unit area;
- The proposed location of the well pad(s) and wells to be drilled that complies with state setback and spacing requirements;
- The tracts of land within the unit area that are leased to the applicant, shown in yellow;
- The tracts of land within the unit area that are unleased, shown in red;
- The tracts of land within the unit area that are leased to other operators (i.e. uncommitted working interest owners), including an identification of the operators, shown in green;
- A five hundred foot boundary around each parcel in the unit that is not leased by the applicant or that is not subject to an agreement with the applicant;
- Identification of each tract within the unit area by parcel number of a size that is legible; and
- The scale.

- See Exhibit 3.

7. An aerial photograph that shows all of the following:

- The boundary of the proposed unit area;
- The proposed location of the well pad and wells to be drilled;
- The tracts of land within the proposed unit area that are unleased outlined in red;

- d. Identification of each tract within the unit area by parcel number of a size that is legible; and
- e. The scale.
  - See Exhibit 4.

8. A gamma ray-density or gamma-ray resistivity geophysical type log identifying the proposed geological formations to be produced.

- See Exhibit 1 and Exhibit 2.

9. A cross-section showing the applicable formations that the applicant is proposing to drill into and produce from in the unit area.

- See Exhibit 1 and Exhibit 2.

10. A map showing all existing units adjacent to the unit proposed in the application with an identification of any permitted, drilled, and/or producing wells in the existing units.

- See Exhibit 6.

11. An exhibit showing unitized and non-unitized scenarios for each proposed to be drilled in the proposed unit area and assuming the spacing requirements of R.C. Chapter 1509 and/or Ohio Adm. Code 1501:9: (1) an estimate of the cost to drill and operate, (2) the value of recovery, and (3) the net pv10 of oil and gas.

- See Exhibit 5.

12. An exhibit showing the locations and distances of the well(s) to the proposed unit area and an identification of the well(s) by name, permit number, lateral length, and production start date that reserve calculations were based upon.

- See Exhibit 10.

13. An affidavit attesting to attempts to lease the unleased mineral owners and attempts to commit working interest owners and an exhibit in the form of a spreadsheet which the applicant shows attempts to lease the unleased properties and attempts to commit working interest owners that includes:

- a. The tract number and parcel number;
- b. The mineral owners name;
- c. The dates of all attempts;
- d. The address at which the contact was made or attempted;
- e. The person who was contacted, how contact was made, and by whom;
- f. The response given by the unleased mineral owner when contacted; and
- g. Any joint venture or farmout proposal to another operator, if applicable.

- See Exhibit 7.

14. An affidavit attesting that the applicant acted with due diligence to identify all mineral interest owners and their current addresses within the proposed unit.

- See Exhibit 8.

15. A copy of a joint operating agreement for working interest partners, if applicable.

- See Attachment 1.

16. An affidavit attesting to a valid joint venture or other agreements for the unit that discloses all joint venture partners.

- See Not applicable.

17. Prefiled testimony of a geologist, engineer and a landman.

- See Attachment 3, Attachment 4 and Attachment 5 respectively.

18. Any additional information that the applicant determines is beneficial for the Chief to consider in support of their request.

- See entirety of Application.

Eclipse has submitted all of the required information.

B. Legal Standard

Ohio Revised Code 1509.28 requires the Chief of the Division to issue an order providing for the unit operation of a pool – or a part thereof – if it is reasonably necessary to increase substantially the ultimate recovery of oil and gas, and the value of the estimated additional resource recovery from the unit’s operations exceeds its additional costs. See Ohio Revised Code 1509.28(A).

The Chief’s order must be on terms and conditions that are just and reasonable and prescribe a plan for unit operations that includes the following:

- (1) a description of the unit area;
- (2) a statement of the nature of the contemplated operations;
- (3) an allocation of production from the unit area not used in unit operations, or otherwise lost, to the separately owned tracts;
- (4) a provision addressing credits and charges to be made for the investment in wells, tanks, pumps, and other equipment contributed to unit operations by owners in the unit;
- (5) a provision addressing how unit operation expenses shall be determined and charged to the separately owned tracts in the unit, and how they will be paid;
- (6) a provision, if necessary, for carrying someone unable to meet their financial obligations in connection with the unit;
- (7) a provision for the supervision and conduct of unit operations in which each person has a vote with a value corresponding to the percentage of unit operations expenses chargeable against that person’s interest;
- (8) the time when operations shall commence and the manner in which, and circumstances under which, unit operations will terminate; and
- (9) such other provisions appropriate for engaging in unit operations and for the protection or adjustment of correlative rights.

See Ohio Revised Code 1509.28(A). The Chief's order becomes effective once approved in writing by those owners who will be responsible for paying at least sixty-five percent of the costs of the unit's operations and by royalty and unleased fee-owners of sixty-five percent of the unit's acreage. Once effective, production that is "allocated to a separately owned tract shall be deemed, for all purposes, to have been actually produced from such tract, and all operations \*\*\* [conducted] upon any portion of the unit area shall be deemed for all purposes the conduct of such operations and production from any lease or contract for lands any portion of which is included in the unit area." Ohio Revised Code 1509.28(B)(2).

C. Eclipse's Application Meets this Standard

i. *The Unitized Formation is Part of a Pool*

The "Unitized Formation" consists of the subsurface portion of the Unit Area (i.e., the lands shown on Exhibit A-1 and identified in Exhibit A-2 to the Unit Operating Agreement) at an approximate depth located from fifty feet above the top of the Utica formation to fifty feet below the top of the Trenton formation, and frequently referred to as the Utica/Point Pleasant Formation. The evidence presented with this Application and at the hearing will establish that the Unitized Formation is part of a pool and, thus, an appropriate subject of unit operation under Ohio Revised Code 1509.28.<sup>5</sup> Additionally, that evidence will establish that the Unitized Formation is likely to be reasonably uniformly distributed throughout the Unit Area and thus, it is reasonable for the Unit Plan to allocate unit production and expenses to separately owned tracts on a surface acreage basis.

ii. *Unit Operations Are Reasonably Necessary to Increase Substantially the Ultimate Recovery of Oil and Gas*

The evidence presented in this Application and at the hearing will establish that unit operations are reasonably necessary to increase substantially the ultimate recovery of oil and gas from the lands making up the Rufener B Unit. The Unit Plan contemplates the potential drilling of one horizontal well from one well pad with a lateral length of approximately 12,477 feet.<sup>6</sup> Eclipse estimates that operations under the requested unit order will substantially increase the ultimate resource recovery from this unit if the unit well is drilled as proposed by approximately

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<sup>5</sup> A "pool" is defined under Ohio law as "an underground reservoir containing a common accumulation of oil or gas, or both, but does not include a gas storage reservoir." Ohio Revised Code 1509.01(E).

<sup>6</sup> See Exhibit 4.

28.1 Bcf of natural gas.<sup>7</sup> Absent a unit order, this additional volume will be unable to be produced, and therefore stranded, resulting in a waste of resources.

iii. *The Value of Additional Recovery Exceeds Its Additional Costs*

The evidence presented in this Application and at the hearing will establish that the value of the estimated additional recovery exceeds the estimated additional costs incident to conducting unit operations, including costs associated with the construction, drilling, completion of the well, to obtain such additional recovery. The cost to develop the Rufener B Unit as proposed in this Application is estimated to be \$10.728 million while without an order authorizing unit operations development cannot take place. Thus, unit operations increase the cost to develop the Rufener B Unit by \$10.728 million this increase in cost is accompanied by an increase to estimated production, the 28.1 Bcf, which increases the net present value of the unit by \$9.732 million. The gross value of production for the life of the well increases to \$29.953 million while there is no production without an order authorizing unit operations. This information is set out in detail on Exhibit 5, showing the estimated value of the well's production, the estimated drilling and operating costs, and the difference between those numbers with and without an order authorizing unit operations (incorporated here as if fully rewritten herein).

iv. *The Unit Plan Meets the Requirements of Ohio Revised Code 1509.28*

The Unit Plan proposed by Eclipse meets the requirements set forth in Ohio Revised Code 1509.28. The unit area is described in the Unit Plan at Article 1, as well as on Exhibits A-1 and A-2 to the Unit Operating Agreement. The nature of the contemplated unit operations can be found generally in the Unit Plan at Article 3, with greater specificity throughout, including the Unit Operating Agreement. Unit production and unit expenses are allocated on a surface acreage basis as set forth in the Unit Plan at Articles 3 through 5 (generally), except where otherwise allocated by the Unit Operating Agreement. Payment of unit expenses is addressed generally in Article 3 of the Unit Plan. The Unit Plan provides for payment of costs by other working interest owners in the event a participant is unable to meet its financial obligations related to the unit - see, e.g., Article VI of the Unit Operating Agreement. Voting provisions related to the supervision and conduct of unit operations are set forth in Article 14 of the Unit Plan, with each person having a vote that has a value corresponding to the percentage of unit expenses chargeable

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<sup>7</sup> See Exhibit 5. We emphasize that these are only estimates, and like the rest of the estimates set forth in this Application, they should be treated as simply estimates based upon the best information available at the time.

against that person's interest. And the commencement and termination of operations are addressed in Articles 11 and 12 of the Unit Plan.<sup>8</sup>

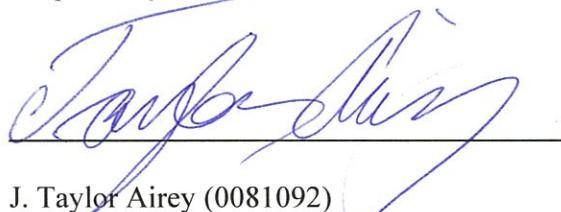
#### IV. HEARING

Ohio Revised Code 1509.28 requires the Chief to hold a hearing to consider this Application when requested by sixty-five percent (65%) of the owners of the land area underlying the proposed unit. Ohio Revised Code 1509.28(A). That threshold level is met here. See Exhibit 9. Accordingly, Eclipse respectfully requests that the Division set a hearing at the Division's Columbus complex on the earliest available hearing date to consider the Application filed herein.

#### V. CONCLUSION

Ohio Revised Code 1509.28 requires the Chief of the Division to issue an order for the unit operation of a pool or a part thereof if it is reasonably necessary to increase substantially the recovery of oil and gas, and the value of the estimated additional recovery from the unit's operations exceeds its estimated additional costs. Eclipse respectfully submits that the Application meets this standard, and that the terms and conditions of the Unit Plan are just and reasonable and satisfy the requirements of Ohio Revised Code 1509.28(B). Eclipse therefore asks the Chief to issue an order authorizing Eclipse to operate the Rufener B Unit according to the Unit Plan attached hereto.

Respectfully submitted,



J. Taylor Airey (0081092)  
Eclipse Resources I, LP  
122 West John Carpenter Freeway, Suite 300  
Irving, Texas 75039  
Attorney for Applicant,  
Eclipse Resources I, LP

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<sup>8</sup> See Attachment 1 generally.

## **Attachment 1**

**PLAN FOR UNIT OPERATIONS**  
**THE RUFENER B UNIT**  
**GREEN TOWNSHIP**  
**MONROE COUNTY, OHIO**

The following shall constitute the Plan for Unit Operations applicable to the Rufener B Unit in Green Township, Monroe County, Ohio, and having as its purpose the unitized management, operation, and development of the Unitized Formation as herein defined, to advance the public welfare and promote conservation, to increase the ultimate recovery of oil, natural gas, and other substances therefrom, and to avoid waste and protect the correlative rights of the owners of interests therein.

**ARTICLE 1: DEFINITIONS**

As used in this Plan for Unit Operations:

**Division** refers to the Ohio Department of Natural Resources' Division of Oil and Gas Resources Management.

**Effective Date** is the time and date this Plan becomes effective as provided in Article 11.

**Oil and Gas Rights** are the rights to investigate, explore, prospect, drill, develop, produce, market, transport, and operate within the Unit Area for the production of Unitized Substances, or to share in the production so obtained or the proceeds thereof, including without limitation the conducting of exploration, geologic and/or geophysical surveys by seismograph, core test, gravity and/or magnetic methods, the injecting of gas, water, air or other fluids into the Unitized Formation, the installation, operation and maintenance of monitoring facilities, the laying of pipelines, building of roads, tanks, power stations, telephone lines, and/or other structures.

**Person** is any individual, corporation, partnership, association, receiver, trustee, curator, executor, administrator, guardian, fiduciary, or other representative of any kind, any department, agency, or instrumentality of the state, or any governmental subdivision thereof, or any other entity capable of holding an interest in the Unitized Substances or Unitized Formation.

**Plan** means this Plan for Unit Operations for the Rufener B Unit, Green Township, Monroe County, Ohio, including, unless otherwise expressly mentioned, any and all attachments and exhibits hereto.

**Royalty Interest** means a right to or interest in any portion of the Unitized Substances or proceeds from the sale thereof, other than a Working Interest.

**Royalty Owner** is a Person who owns a Royalty Interest.

**Tract** means the land identified by a tract number in Exhibit A-2 to the Unit Operating Agreement.

**Tract Participation** means the fractional interest shown on Exhibit A-2 to the Unit Operating Agreement for allocating Unitized Substances to a Tract.

**Uncommitted Working Interest Owner** is a Working Interest Owner, other than an Unleased Mineral Owner, who has not agreed to, ratified or otherwise approved this Plan. Uncommitted Working Interest Owners are likely, but not necessarily, to have obtained their interest by lease.

**Unit Area** means the lands shown on the plat attached as Exhibit A-1 and identified on Exhibit A-2 to the Unit Operating Agreement, including also areas to which this Plan may be extended as herein provided.

**Unit Equipment** means all personal property, lease and well equipment, plants, and other facilities and equipment taken over or otherwise acquired for the unit account for use in Unit Operations.

**Unit Expense** means all cost, expense, investment and indebtedness incurred by Working Interest Owners or Unit Operator pursuant to this Plan for or on account of Unit Operations.

**Unitized Formation** means the subsurface portion of the Unit Area located from 50' feet above the top of the Utica formation to 50' feet below the top of the Trenton formation.

**Unit Operating Agreement** means the modified A.A.P.L. Form 610-1989 Model Form Operating Agreement that is attached hereto as Exhibit 1 and incorporated herein by reference as

if fully re-written herein and to which all Working Interest Owners are deemed to be parties; provided, however, that in the event two or more Working Interest Owners have agreed to a separate joint operating agreement relating to the supervision and conduct of unit operations contemplated herein, such operating agreement shall control. The Unit Operating Agreement contains provisions for credits and charges among Working Interest Owners for their respective investments in, and expenses for, Unit Operations, including a provision, if necessary, for carrying any Person unable or electing not to participate in Unit Operations. In addition, the Unit Operating Agreement also contains provisions relating to the supervision and conduct of Unit Operations and the manner in which Working Interest Owners may vote. In the event of a conflict between the terms of the Unit Operating Agreement and the other terms of this Plan, excluding the Unit Operating Agreement, such other terms of this Plan shall govern.

**Unit Operations** are all operations conducted pursuant to this Plan.

**Unit Operator** is the Person designated by Working Interest Owners under the Unit Operating Agreement to conduct Unit Operations.

**Unit Participation** is the sum of the interests obtained by multiplying the Working Interest of a Working Interest Owner in each Tract by the Tract Participation of such Tract.

**Unitized Substances** are all oil, gas, gaseous substances, sulfur, condensate, distillate, and all associated and constituent liquid or liquefiable hydrocarbons within or produced from the Unitized Formation.

**Unleased Mineral Owner** is a Person who owns Oil and Gas Rights free of a lease or other instrument conveying all or any portion of the Working Interest in such rights to another.

**Working Interest** means an interest in Unitized Substances in the Unit Area by virtue of a lease, operating agreement, fee title, or otherwise, including a carried interest, the owner of which is obligated to pay, either in cash or out of production or otherwise, a portion of the Unit Expense; however, Oil and Gas Rights that are free of a lease or other instrument creating a Working Interest shall be regarded as a Working Interest to the extent of 87.5% thereof and a Royalty Interest to the extent of the remaining 12.5% thereof, such Royalty Interest to be subject to any post-production costs, taxes, assessments and other fees as may be set forth in the Unit Operating Agreement. A Royalty Interest created out of a Working Interest subsequent to the participation of, subscription to, ratification of, approval by, or consent to this Plan by the owner of such Working Interest shall continue to be subject to such Working Interest burdens and obligations that are stated in this Plan.

**Working Interest Owner** is a Person who owns a Working Interest.

## ARTICLE 2: CREATION AND EFFECT OF UNIT

**Oil and Gas Rights Unitized.** All Royalty Interests and Working Interests in Oil and Gas Rights in and to the lands identified on Exhibits A-1 and A-2 to the Unit Operating Agreement are hereby unitized insofar as, and only insofar as, the respective Oil and Gas Rights pertain to the Unitized Formation, so that Unit Operations may be conducted with respect to the Unitized Formation as if the Unit Area had been included in a single lease executed by all Royalty Owners, as lessors, in favor of all Working Interest Owners, as lessees, and as if the lease contained all of the provisions of this Plan.

**Personal Property Excepted.** All lease and well equipment, materials, and other facilities heretofore or hereafter placed by any of the Working Interest Owners on the lands covered hereby shall be deemed to be and shall remain personal property belonging to, and may be removed by, Working Interest Owners with the prior consent of Unit Operator. The rights and interests therein, as among Working Interest Owners, are set forth in the Unit Operating Agreement.

**Continuation of Leases and Term Interests.** Unit Operations conducted upon any part of the Unit Area or production of Unitized Substances from any part of the Unitized Formation, except for the purpose of determining payments to Royalty Owners, shall be considered as operations upon or production from each portion of each Tract, and such production or operations shall continue in effect each lease or term, mineral or Royalty Interest, as to all Tracts and formations covered or affected by this Plan just as if such Unit Operations had been conducted and a well had been drilled on and was producing from each portion of each Tract.

Each lease shall remain in full force and effect from the date of execution hereof until the Effective Date, and thereafter in accordance with its terms and this Plan.

**Titles Unaffected by Unitization.** Nothing herein shall be construed to result in any transfer of title to Oil and Gas Rights by any Person to any other Person or to Unit Operator.

**Pre-existing Conditions in Unit Area.** Working Interest Owners shall not be liable for or assume any obligation with respect to (i) the restoration or remediation of any condition associated with the Unit Area that existed prior to the Effective Date of this Plan, or (ii) the removal and/or plugging and abandonment of any wellbore, equipment, fixtures, facilities or other property located in, on or under the Unit Area prior to the Effective Date of this Plan.

### **ARTICLE 3: UNIT OPERATIONS**

**Unit Operator.** Unit Operator shall have the exclusive right to conduct Unit Operations, which shall conform to the provisions of this Plan.

**Unit Expenses.** All Unit Expenses shall be just and reasonable, and shall be charged as set out in the Unit Operating Agreement. Except as otherwise provided in the Unit Operating Agreement, Unit Expenses shall be allocated to each Tract based upon its Tract Participation, and shall be paid by the Tract's Working Interest Owners.

### **ARTICLE 4: TRACT PARTICIPATIONS**

**Tract Participations.** The Tract Participation of each Tract is identified in Exhibit A-2 to the Unit Operating Agreement and shall be determined solely upon an acreage basis as the proportion that the Tract surface acreage inside the Unit Area bears to the total surface acreage of the Unit Area. The Tract Participation of each Tract has been calculated as follows: TRACT SURFACE ACRES WITHIN THE UNIT AREA DIVIDED BY THE TOTAL SURFACE ACRES WITHIN THE UNIT AREA.

### **ARTICLE 5: ALLOCATION OF UNITIZED SUBSTANCES**

**Allocation of Unitized Substances.** All Unitized Substances produced and saved shall be allocated to the several Tracts in accordance with the respective Tract Participations effective during the period that the Unitized Substances were produced. The amount of Unitized Substances allocated to each Tract, regardless of whether the amount is more or less than the actual production of Unitized Substances from the well or wells, if any, on such Tract, shall be deemed for all purposes to have been produced from such Tract.

**Distribution Within Tracts.** The Unitized Substances allocated to each Tract or portion thereof shall be distributed among, or accounted for to, the Persons entitled to share in the production from such Tract or portion thereof in the same manner, in the same proportions, and upon the same conditions as they would have participated and shared in the production from such Tract, or in the proceeds thereof, had this Plan not been entered into, and with the same legal effect. If any Oil and Gas Rights in a Tract hereafter become divided and owned in severalty as to different parts of the Tract, the owners of the divided interests, in the absence of an agreement providing for a different division, shall share in the Unitized Substances allocated to the Tract, or in the proceeds thereof, in proportion to the surface acreage of their respective parts of the Tract. Any royalty or other payment which depends upon per well production or pipeline runs from a well or wells on a Tract shall, after the Effective Date, be determined by dividing the Unitized Substances allocated to the Tract by the number of wells on the Tract capable of producing Unitized Substances on the Effective Date; however, if any Tract has no well thereon capable of producing Unitized Substances on the Effective Date, the Tract shall, for the purpose of this determination, be deemed to have one (1) such well thereon.

### **ARTICLE 6: USE OR LOSS OF UNITIZED SUBSTANCES**

**Use of Unitized Substances.** Working Interest Owners may use or consume Unitized Substances for Unit Operations, including but not limited to, the injection thereof into the Unitized Formation.

**Royalty Payments.** No royalty, overriding royalty, production, or other payments shall be payable on account of Unitized Substances used, lost, or consumed in Unit Operations, including without limitation the testing of the productivity of any wells drilled in the Unit Area.

Royalty payments shall be made to Unleased Mineral Owners beginning with the initial distribution date for production of Unitized Substances from any well within the Rufener B Unit.

## ARTICLE 7: TITLES

**Warranty and Indemnity.** Each Person who, by acceptance of produced Unitized Substances or the proceeds from a sale thereof, may claim to own a Working Interest or Royalty Interest in and to any Tract or in the Unitized Substances allocated thereto, shall be deemed to have warranted its title to such interest, and, upon receipt of the Unitized Substances or the proceeds from a sale thereof to the credit of such interest, shall indemnify and hold harmless all other Persons in interest from any loss due to failure, in whole or in part, of its title to any such interest; provided, however, that nothing in this provision shall apply to Unleased Mineral Owners.

**Production Where Title is in Dispute.** If the title or right of any Person claiming the right to receive in kind all or any portion of the Unitized Substances allocated to a Tract is in dispute, Unit Operator at the direction of Working Interest Owners may: Require that the Person to whom such Unitized Substances are delivered or to whom the proceeds from a sale thereof are paid furnish security for the proper accounting therefor to the rightful owner or owners if the title or right of such Person fails in whole or in part; or withhold and market the portion of Unitized Substances with respect to which title or right is in dispute, and hold the proceeds thereof until such time as the title or right thereto is established by a final judgment of a court of competent jurisdiction or otherwise to the satisfaction of Working Interest Owners, whereupon the proceeds so held shall be paid to the Person rightfully entitled thereto.

**Transfer of Title.** Any conveyance of all or any part of any interest owned by any Person hereto with respect to any Tract shall be made expressly subject to this Plan. No change of title shall be binding upon Unit Operator, or upon any Person hereto other than the Person so transferring, until 7:00 a.m. on the first day of the calendar month next succeeding the date of receipt by Unit Operator of a certified copy of the recorded instrument evidencing such change in ownership.

## ARTICLE 8: EASEMENTS, GRANTS, OR USE OF SURFACE

**Grant of Easements.** Subject to the terms and conditions of the various leases, Unit Operator shall have the right of ingress and egress along with the right to use as much of the surface of the land within the Unit Area as may be reasonably necessary for Unit Operations and the removal of Unitized Substances from the Unit Area.

**Use of Water.** The following shall apply subject to the terms and conditions of the various leases: Unit Operator shall have and is hereby granted free use of water from the Unit Area for Unit Operations, except water from any well, lake, pond, or irrigation ditch of a Royalty Owner. Unit Operator may convert dry or abandoned wells in the Unit Area for use as water supply or disposal wells.

**Surface Damages.** Subject to the terms and conditions of the various leases, Working Interest Owners shall reimburse the owner for the market value prevailing in the area of growing crops, livestock, timber, fences, improvements, and structures on the Unit Area that are destroyed or damaged as a result of Unit Operations.

**Unleased Property.** Notwithstanding anything in this Article 8 to the contrary, and except where otherwise authorized by the Division, there shall be no Unit Operations conducted on the surface of any property located within the Rufener B Unit, and there shall be no right of ingress and egress over and no right to use the surface waters of any surface lands located within the Rufener B Unit, owned by a non-consenting Unleased Mineral Owner.

## ARTICLE 9: CHANGE OF TITLE

**Covenant Running with the Land.** This Plan shall extend to, be binding upon, and inure to the benefit of the owners of the Royalty Interests and Working Interests in Oil and Gas Rights unitized hereby, and the respective heirs, devisees, legal representatives, successors, and assigns thereof, and shall constitute a covenant running with the lands, leases, and interests impacted hereby.

**Waiver of Rights of Partition.** No Person affected hereby shall resort to any action to, and shall not, partition Oil and Gas Rights, the Unit Area, the Unitized Formation, the Unitized

Substances or the Unit Equipment.

## ARTICLE 10: RELATIONSHIPS OF PERSONS

**No Partnership.** All duties, obligations, and liabilities arising hereunder shall be several and not joint or collective. This Plan is not intended to and shall not be construed to create an association or trust, or to impose a partnership or fiduciary duty, obligation, or liability. Each Person affected hereby shall be individually responsible for its own obligations.

**No Joint or Cooperative Refining, Sale or Marketing.** This Plan is not intended and shall not be construed to provide, directly or indirectly, for any joint or cooperative refining, sale or marketing of Unitized Substances.

## ARTICLE 11: EFFECTIVE DATE

**Effective Date.** This Plan shall become effective as of, and operations may commence hereunder as of, 7:00 A.M. on the date of an effective order approving this unit by the Division in accordance with the provisions of Ohio Revised Code Section 1509.28; provided, however, that Working Interest Owners may terminate this Plan in the event of a material modification by the Division of all or any part of this Plan in such order by filing a notice of termination with the Division within thirty (30) days of such order becoming final and no longer subject to further appeal. In the event a dispute arises or exists with respect to this Plan, or the order approving this unit issued by the Division, Unit Operator may, in its sole discretion, hold the revenues from the sale of Unitized Substances until such time as such dispute is resolved or, in the Unit Operator's opinion, it is appropriate to distribute such revenues.

## ARTICLE 12: TERM

**Term.** This Plan, unless sooner terminated in the manner hereinafter provided, shall remain in effect for five (5) years from the Effective Date and as long thereafter as Unitized Substances are produced, or are capable of being produced, in paying quantities from the Unit Area without a cessation of more than one hundred and eighty (180) consecutive days, or so long as other Unit Operations are conducted without a cessation of more than one hundred and eighty (180) consecutive days, unless sooner terminated by Working Interest Owners owning a combined Unit Participation of fifty-one percent (51%) or more whenever such Working Interest Owners determine that Unit Operations are no longer warranted. The date of any termination hereunder shall be known as the "Termination Date."

**Effect of Termination.** Upon termination of this Plan, the further development and operation of the Unitized Formation as a unit shall cease. Each oil and gas lease and other agreement covering lands within the Unit Area shall remain in force for one hundred eighty (180) days after the date on which this Plan terminates, and for such further period as is provided by the lease or other agreement. The relationships among owners of Oil and Gas Rights shall thereafter be governed by the terms and provisions of the leases and other instruments, not including this Plan, affecting the separate Tracts.

**Certificate of Termination.** Upon termination of this Plan, Unit Operator shall file with the Division and for record in the county or counties in which the land affected is located a certificate stating that this Plan has terminated and the Termination Date.

**Salvaging Equipment Upon Termination.** If not otherwise granted by the leases or other instruments affecting the separate Tracts, Working Interest Owners shall have a period of six (6) months after the Termination Date within which to salvage and remove Unit Equipment.

## ARTICLE 13: APPROVAL

**Original, Counterpart, or Other Instrument.** An owner of Oil and Gas Rights or its agent may approve this Plan by signing the original, a counterpart thereof, or other instrument approving this Plan. The signing of any such instrument shall have the same effect as if all Persons had signed the same instrument.

**Commitment of Interests to Unit.** The approval of this Plan by a Person or their agent shall bind that Person and commit all interests owned or controlled by that Person as of the date of such approval, and additional interests thereafter acquired.

**Joinder in Dual Capacity.** Execution as herein provided by any Person, as either Working Interest Owner or a Royalty Owner, shall commit all interests owned or controlled by such Person as of the date of such execution and any additional interest thereafter acquired.

#### **ARTICLE 14: MISCELLANEOUS**

**Determinations by Working Interest Owners.** Each Working Interest Owner shall have a voting interest equal to its Unit Participation. All decisions, determinations, or approvals by Working Interest Owners hereunder shall be made by the affirmative vote of one or more parties having a combined voting interest of at least fifty one percent (51%). No vote, however, is required for such determinations if the Unit Operator owns or controls fifty one percent (51%) or more of the Working Interest in the Unit Area.

**Severability of Provisions.** The provisions of this Plan are severable and if any section, sentence, clause or part thereof is held to be invalid for any reason, such invalidity shall not be construed to affect the validity of the remaining provisions of this Plan.

**Laws and Regulations.** This Plan shall be governed by and subject to the laws of the State of Ohio, to the valid rules, regulations, orders and permits of the Division, and to all other applicable federal, state, and municipal laws, rules, regulations, orders, and ordinances. Any change of the Unit Area or any amendment to this Plan shall be in accordance with Ohio law.

This instrument prepared by: Taylor Airey Eclipse Resources I, LP 122 West John Carpenter Freeway, Suite 300,  
Irving Texas 75039

**A.A.P.L. FORM 610 - 1989**

**MODEL FORM OPERATING AGREEMENT**

**OPERATING AGREEMENT**

**DATED**

\_\_\_\_\_ , 20  
*Year*

**OPERATOR** Eclipse Resources I, LP

**CONTRACT AREA** See Exhibit "A" attached hereto for the description of the Contract Area.

**UNIT**

**COUNTY OR PARISH OF** \_\_\_\_\_, **STATE OF** \_\_\_\_\_

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AMERICAN ASSOCIATION OF PETROLEUM  
LANDMEN, 4100 FOSSIL CREEK BLVD.  
FORT WORTH, TEXAS, 76137, APPROVED FORM.

A.A.P.L. NO. 610 - 1989

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1 completed and which is not within an existing Lateral.

2                   Z. The term "affiliate" shall mean any Person that, directly or indirectly, through one or more intermediaries,  
3 Controls or is Controlled by, or is under common Control with, another Person.

4           AA.     The term "Control" and its derivatives with respect to any Person shall mean the possession, directly or  
5 indirectly, of the power, directly or indirectly, to direct or cause the direction of the management or policies of the controlled  
6 Person, whether through the ownership of equity interests in or voting rights attributable to the equity interests in such Person, by  
7 contract or agency, by the general partner of a Person that is a partnership, or otherwise.

**BB.** The term "Person" shall mean any individual, corporation, company, partnership, limited partnership, limited liability company, trust, estate, governmental authority or any other entity.

Unless the context otherwise clearly indicates, words used in the singular include the plural, the word "person" includes natural and artificial persons, the plural includes the singular, and any gender includes the masculine, feminine, and neuter.

## ARTICLE II. EXHIBITS

15 The following exhibits, as indicated below and attached hereto, are incorporated in and made a part hereof:

23            **A-1. Plat of Contract Area.**

25 A-3. List of Unlease mineral owners in the unit.  
A-4. List of Committed Working Interest Owners in the unit.  
A-5. List of Uncommitted Working Interest Owners in the unit.  
26 A-6. List of DMA Disputed Interests

27 B. Exhibit "B." Form of Lease.

27  B. Exhibit "B," Form of Lease.  
28  C. Exhibit "C," Accounting Procedure

28 ☐ C. Exhibit "C," Accounting Procedure.  
29 ☐ D. Exhibit "D," Inventory.

29 ☐ D. Exhibit D, Insurance.

30  E. Exhibit "E," Gas Balancing A  
31  E. Exhibit "E," Net Disposition

31  F. Exhibit "F," Non-Discrimination and  
32  G. Exhibit "G," The Right to Life

32 □ G. Exhibit "G," Tax Partner  
33 □ H. Other Models - P

33  H. Other: **Model Form Recording Supplement to Operating Agreement and Fi**

34

If any provision of any exhibit, except Exhibits "E", "F", and "G," is inconsistent with any provision contained in the body of this agreement, the provisions in the body of this agreement shall prevail.

**ARTICLE III.**  
**INTERESTS OF PARTIES**

**A. Oil and Gas Interests:**

**or hereafter acquires**

If any party owns / an Oil and Gas Interest in the Contract Area, unless such Oil and Gas Interest is already covered by an Oil and Gas Lease subject to this agreement, that Interest shall be treated for all purposes of this agreement and during the term hereof as if it were covered by the form of Oil and Gas Lease attached hereto as Exhibit "B," and the owner thereof shall be deemed to own both royalty interest in such lease and the interest of the lessee thereunder.

**B. Interests of Parties in Costs and Production:**

Unless changed by other provisions, all costs and liabilities incurred in operations under this agreement shall be borne and paid, and all equipment and materials acquired in operations on the Contract Area shall be owned, by the parties as their interests are set forth in Exhibit "A." In the same manner, the parties shall also own all production of Oil and Gas from the Contract Area subject, however, to the payment of royalties and other burdens on production as described hereafter.

Regardless of which party has contributed any Oil and Gas Lease or Oil and Gas Interest on which royalty or other burdens may be payable and except as otherwise expressly provided in this agreement, each party shall pay or deliver, or cause to be paid or delivered, all burdens on its share of the production from the Contract Area up to, but not in excess of those burdens set forth in such Oil and Gas Lease(s) or Oil and Gas interest(s) contributed hereto and shall indemnify, defend and hold the other parties free from any liability therefor. Except as otherwise expressly provided in this agreement, if any party has contributed hereto any Lease or Interest which is burdened with any royalty, overriding royalty, production payment or other burden on production in excess of the amounts stipulated above, such party so burdened shall assume and alone bear all such excess obligations and shall indemnify, defend and hold the other parties hereto harmless from any and all claims attributable to such excess burden. However, so long as the Drilling Unit for the productive Zone(s) is identical with the Contract Area, each party shall pay or deliver, or cause to be paid or delivered, all burdens on production from the Contract Area due under the terms of the Oil and Gas Lease(s) which such party has contributed to this agreement, and shall indemnify, defend and hold the other parties free from any liability therefor.

No party shall ever be responsible, on a price basis higher than the price received by such party, to any other party's lessor or royalty owner, and if such other party's lessor or royalty owner should demand and receive settlement on a higher price basis, the party contributing the affected Lease shall bear the additional royalty burden attributable to such higher price.

Nothing contained in this Article III.B. shall be deemed an assignment or cross-assignment of interests covered hereby, and in the event two or more parties contribute to this agreement jointly owned Leases, the parties' undivided interests in said Leaseholds shall be deemed separate leasehold interests for the purposes of this agreement.

**C. Subsequently Created Interests:**

If any party has contributed hereto a Lease or Interest that is burdened with an assignment of production given as security for the payment of money, or if, after / this agreement, any party creates an overriding royalty, production payment, net profits interest, assignment of production or other burden payable out of production attributable to its working interest hereunder, such burden shall be deemed a "Subsequently Created Interest." Further, if any party has contributed hereto a Lease or Interest burdened with an overriding royalty, production payment, net profits interests, or other burden payable out of production created prior to the date of this agreement, and such burden is **not recorded or is not referenced by another recorded instrument sufficient for notice purposes in the county records of the applicable county or** is not shown on Exhibit "A," such burden also shall be deemed a Subsequently Created Interest to the extent such burden causes the burdens on such party's Lease or Interest to exceed the amount stipulated in Article III.B. above.

The party whose interest is burdened with the Subsequently Created Interest (the "Burdened Party") shall assume and alone bear, pay and discharge the Subsequently Created Interest and shall indemnify, defend and hold harmless the other parties from and against any liability therefor. Further, if the Burdened Party fails to pay, when due, its share of expenses chargeable hereunder, all provisions of Article VII.B. shall be enforceable against the Subsequently Created Interest in the same manner as they are enforceable against the working interest of the Burdened Party. If the Burdened Party is required under this agreement to assign or relinquish to any other party, or parties, all or a portion of its working interest and/or the production attributable thereto, said other party, or parties, shall receive said assignment and/or production free and clear of said Subsequently Created Interest, and the Burdened Party shall indemnify, defend and hold harmless said other party, or parties, from any and all claims and demands for payment asserted by owners of the Subsequently Created Interest.

**ARTICLE IV.**

**TITLES**

**A. Title Examination:**

**wellbore path and thereafter**  
Title examination shall be made on the / Drillsite of any proposed well prior to commencement of drilling operations and, / if a majority in interest of the Drilling Parties so requests or Operator so elects, title examination shall be made on the entire Drilling Unit, or maximum anticipated Drilling Unit, of the well. The opinion will include the ownership of the working interest, minerals, royalty, overriding royalty and production payments under the applicable Leases. Each party contributing Leases and/or Oil and Gas Interests to be included in the Drillsite or Drilling Unit, if appropriate, shall furnish to Operator all abstracts (including federal lease status reports), title opinions, title papers and curative material in its possession free of charge. All such information not in the possession of or made available to Operator by the parties, but necessary for the examination of the title, shall be obtained by Operator. Operator shall cause title to be examined by attorneys on its staff or by outside attorneys. Copies of all title opinions shall be furnished to each Drilling Party. Costs incurred by Operator in procuring abstracts, fees paid outside attorneys, / for title examination / (including preliminary, supplemental, shut-in royalty opinions and division order title opinions) and other direct charges as provided in Exhibit "C" shall be borne by the Drilling Parties in the proportion that the interest of each Drilling Party bears to the total interest of all Drilling Parties as such interests appear in Exhibit "A." Operator shall make no charge for services rendered by its staff attorneys or other personnel in the performance of the above functions. **that exceeds prevailing rates in the area. Operator may use staff field landmen and title specialists for abstracting and staff attorneys for title examination and curative if such personnel are employed specifically for this purpose and are billed at rates no higher than third party rates billed for similar services in the county where the services are rendered. Operator may also charge a reasonable digital abstracting fee per tract if Operator has imaged and indexed the county records in which the Contract Area is located.**

Each party, / shall be responsible for securing curative matter and pooling amendments or agreements required in connection with Leases or Oil and Gas Interests contributed by such party. / Operator shall be responsible for the preparation

1 and recording of pooling designations or declarations and communitization agreements as well as the conduct of hearings before governmental  
2 agencies for the securing of spacing or pooling orders or any other orders necessary or appropriate to  
3 the conduct of operations hereunder. This shall not prevent any party from appearing on its own behalf at such hearings.  
4 Costs incurred by Operator, including fees paid to outside attorneys, which are associated with hearings before governmental  
5 agencies, and which costs are necessary and proper for the activities contemplated under this agreement, shall be direct  
6 charges to the joint account and shall not be covered by the administrative overhead charges as provided in Exhibit "C." Operator shall make  
7 no charge for services rendered by its staff attorneys or other personnel in the performance of the above  
8 functions, **except as provided herein.**

9 No well shall be drilled on the Contract Area until after (1) the title to the Drillsite / or Drilling Unit, if appropriate, has  
10 been examined as above provided, and (2) the title has been approved by the examining attorney / or title has been accepted by  
11 all of the Drilling Parties in such well, **the Operator.**

12 **B. Loss or Failure of Title:**

13 1. Failure of Title: Should any Oil and Gas Interest or Oil and Gas Lease be lost through failure of title, which results in a  
14 reduction of interest from that shown on Exhibit "A," the party credited with contributing the affected Lease or Interest  
15 (including, if applicable, a successor in interest to such party) shall have ninety (90) days from final determination of title  
16 failure to acquire a new lease or other instrument curing the entirety of the title failure, which acquisition will not be subject  
17 to Article VIII.B., and failing to do so, this agreement, nevertheless, shall continue in force as to all remaining Oil and Gas  
18 Leases and Interests; and,

19 (a) The party credited with contributing the Oil and Gas Lease or Interest affected by the title failure (including, if  
20 applicable, a successor in interest to such party) shall bear alone the entire loss and it shall not be entitled to recover from  
21 Operator or the other parties any development or operating costs which it may have previously paid or incurred, but there  
22 shall be no additional liability on its part to the other parties hereto by reason of such title failure;

23 (b) There shall be no retroactive adjustment of expenses incurred or revenues received from the operation of the  
24 Lease or Interest which has failed, but the interests of the parties contained on Exhibit "A" shall be revised on an acreage  
25 basis, as of the time it is determined finally that title failure has occurred, so that the interest of the party whose Lease or  
26 Interest is affected by the title failure will thereafter be reduced in the Contract Area by the amount of the Lease or Interest failed;

27 (c) If the proportionate interest of the other parties hereto in any producing well previously drilled on the Contract  
28 Area is increased by reason of the title failure, the party who bore the costs incurred in connection with such well attributable  
29 to the Lease or Interest which has failed shall receive the proceeds attributable to the increase in such interest (less costs and  
30 burdens attributable thereto) until it has been reimbursed for unrecovered costs paid by it in connection with such well  
31 attributable to such failed Lease or Interest;

32 (d) Should any person not a party to this agreement, who is determined to be the owner of any Lease or Interest  
33 which has failed, pay in any manner any part of the cost of operation, development, or equipment, such amount shall be paid  
34 to the party or parties who bore the costs which are so refunded;

35 (e) Any liability to account to a person not a party to this agreement for prior production of Oil and Gas which arises  
36 by reason of title failure shall be borne severally by each party (including a predecessor to a current party) who received  
37 production for which such accounting is required based on the amount of such production received, and each such party shall  
38 severally indemnify, defend and hold harmless all other parties hereto for any such liability to account;

39 (f) No charge shall be made to the joint account for legal expenses, fees or salaries in connection with the defense of  
40 the Lease or Interest claimed to have failed, but if the party contributing such Lease or Interest hereto elects to defend its title  
41 it shall bear all expenses in connection therewith; and

42 (g) If any party is given credit on Exhibit "A" to a Lease or Interest which is limited solely to ownership of an  
43 interest in the wellbore of any well or wells and the production therefrom, such party's absence of interest in the remainder  
44 of the Contract Area shall be considered a Failure of Title as to such remaining Contract Area unless that absence of interest  
45 is reflected on Exhibit "A."

46 2. Loss by Non-Payment or Erroneous Payment of Amount Due: If, through mistake or oversight, any rental, shut-in well  
47 payment, minimum royalty or royalty payment, or other payment necessary to maintain all or a portion of an Oil and Gas  
48 Lease or interest is not paid or is erroneously paid, and as a result a Lease or Interest terminates, there shall be no monetary  
49 liability against the party who failed to make such payment. Unless the party who failed to make the required payment  
50 secures a new Lease or Interest covering the same interest within ninety (90) days from the discovery of the failure to make  
51 proper payment, which acquisition will not be subject to Article VIII.B., the interests of the parties reflected on Exhibit "A"  
52 shall be revised on an acreage basis, effective as of the date of termination of the Lease or Interest involved, and the party  
53 who failed to make proper payment will no longer be credited with an interest in the Contract Area on account of ownership  
54 of the Lease or Interest which has terminated. If the party who failed to make the required payment shall not have been fully  
55 reimbursed, at the time of the loss, from the proceeds of the sale of Oil and Gas attributable to the lost Lease or Interest,  
56 calculated on an acreage basis, for the development and operating costs previously paid on account of such Lease or Interest,  
57 it shall be reimbursed for unrecovered actual costs previously paid by it (but not for its share of the cost of any dry hole  
58 previously drilled or wells previously abandoned) from so much of the following as is necessary to effect reimbursement:

59 (a) Proceeds of Oil and Gas produced prior to termination of the Lease or Interest, less operating expenses and lease  
60 burdens chargeable hereunder to the person who failed to make payment, previously accrued to the credit of the lost Lease or  
61 Interest, on an acreage basis, up to the amount of unrecovered costs;

62 (b) Proceeds of Oil and Gas, less operating expenses and lease burdens chargeable hereunder to the person who failed  
63 to make payment, up to the amount of unrecovered costs attributable to that portion of Oil and Gas thereafter produced and  
64 marketed (excluding production from any wells thereafter drilled) which, in the absence of such Lease or Interest termination,  
65 would be attributable to the lost Lease or Interest on an acreage basis and which as a result of such Lease or Interest  
66 termination is credited to other parties, the proceeds of said portion of the Oil and Gas to be contributed by the other parties  
67 in proportion to their respective interests reflected on Exhibit "A"; and,

68 (c) Any monies, up to the amount of unrecovered costs, that may be paid by any party who is, or becomes, the owner  
69 of the Lease or Interest lost, for the privilege of participating in the Contract Area or becoming a party to this agreement.

70 3. Other Losses: All losses of Leases or Interests committed to this agreement, other than those set forth in Articles  
71 IV.B.1. and IV.B.2. above, shall be joint losses and shall be borne by all parties in proportion to their interests shown on  
72 Exhibit "A." This shall include but not be limited to the loss of any Lease or Interest through failure to develop or because  
73 express or implied covenants have not been performed (other than performance which requires only the payment of money),  
74 and the loss of any Lease by expiration at the end of its primary term if it is not renewed or extended. There shall be no

1 readjustment of interests in the remaining portion of the Contract Area on account of any joint loss.

2 **4. Curing Title:** In the event of a Failure of Title under Article IV.B.1. or a loss of title under Article IV.B.2. above, any  
3 Lease or Interest acquired by any party hereto (other than the party whose interest has failed or was lost) during the ninety  
4 (90) day period provided by Article IV.B.1. and Article IV.B.2. above covering all or a portion of the interest that has failed  
5 or was lost shall be offered at cost to the party whose interest has failed or was lost, and the provisions of Article VIII.B.  
6 shall not apply to such acquisition.

7  
8 **ARTICLE V.**  
9 **OPERATOR**

10 **A. Designation and Responsibilities of Operator:**

11 **Eclipse Resources L.P.** shall be the Operator of the Contract Area, and shall conduct  
12 and direct and have full control of all operations on the Contract Area as permitted and required by, and within the limits of  
13 this agreement. In its performance of services hereunder for the Non-Operators, Operator shall be an independent contractor  
14 not subject to the control or direction of the Non-Operators except as to the type of operation to be undertaken in accordance  
15 with the election procedures contained in this agreement. Operator shall not be deemed, or hold itself out as, the agent of the  
16 Non-Operators with authority to bind them to any obligation or liability assumed or incurred by Operator as to any third  
17 party. Operator shall conduct its activities under this agreement as a reasonable prudent operator, in a good and workmanlike  
18 manner, with due diligence and dispatch, in accordance with good oilfield practice, and in compliance with applicable law and  
19 regulation, but in no event shall it have any liability as Operator to the other parties / for losses sustained or liabilities incurred  
20 except such as may result from / gross negligence or willful misconduct.

21 **B. Resignation or Removal of Operator and Selection of Successor:**

22 **1. Resignation or Removal of Operator:** Operator may resign at any time by giving written notice thereof to Non-Operators.  
23 If Operator terminates its legal existence, no longer owns an interest hereunder in the Contract Area, or is no longer capable of  
24 serving as Operator, Operator shall be deemed to have resigned without any action by Non-Operators, except the selection of a  
25 successor. Operator may be removed only for good cause by the affirmative vote of Non-Operators owning a majority interest  
26 based on ownership as shown on Exhibit "A" remaining after excluding the voting interest of Operator; such vote shall not be  
27 deemed effective until a written notice has been delivered to the Operator by a Non-Operator detailing the alleged default and  
28 Operator has failed to cure the default within thirty (30) days from its receipt of the notice or, if the default concerns an  
29 operation then being conducted, / within forty-eight (48) hours of its receipt of the notice. For purposes hereof, "good cause" shall  
30 mean not only gross negligence or willful misconduct but also the material breach of or inability to meet the standards of  
31 operation contained in Article V.A. or material failure or inability to perform its obligations under this agreement.

32 Subject to Article VII.D.1., such resignation or removal shall not become effective until 7:00 o'clock A.M. on the first  
33 day of the calendar month following the expiration of ninety (90) days after the giving of notice of resignation by Operator  
34 or action by the Non-Operators to remove Operator, unless a successor Operator has been selected and assumes the duties of  
35 Operator at an earlier date. Operator, after effective date of resignation or removal, shall be bound by the terms hereof as a  
36 Non-Operator. A change of a corporate name or structure of Operator or transfer of Operator's interest to any / single  
37 subsidiary, parent or successor corporation shall not be the basis for removal of Operator.

38 **2. Selection of Successor Operator:** Upon the resignation or removal of Operator under any provision of this agreement, a  
39 successor Operator shall be selected by the parties. The successor Operator shall be selected from the parties owning an  
40 interest in the Contract Area at the time such successor Operator is selected. The successor Operator shall be selected by the  
41 affirmative vote of two (2) or more parties owning a majority interest based on ownership as shown on Exhibit "A";  
42 provided, however, if an Operator which has been removed or is deemed to have resigned / fails to vote or votes only to  
43 for itself or an affiliate, / the successor Operator shall be selected by the affirmative vote of the party or parties owning a majority  
44 interest based on ownership as shown on Exhibit "A" remaining after excluding the voting interest of the Operator that was  
45 and its affiliates and, provided further, that the requirement for two (2) or more parties shall not apply in the event that  
46 removed or resigned /. The former Operator shall promptly deliver to the successor Operator all records and data relating to  
47 the operations conducted by the former Operator to the extent such records and data are not already in the possession of the  
48 successor operator. Any cost of obtaining or copying the former Operator's records and data shall be charged to the joint  
49 account.

50 **3. Effect of Bankruptcy:** If Operator becomes insolvent, bankrupt or is placed in receivership, it shall be deemed to have  
51 resigned without any action by Non-Operators, except the selection of a successor. If a petition for relief under the federal  
52 terms of the Bankruptcy Code or actions of the federal bankruptcy court, then, to the extent allowed by law,  
53 bankruptcy laws is filed by or against Operator, and the removal of Operator is prevented by the / federal bankruptcy court, all  
54 Non-Operators and Operator shall comprise an interim operating committee to serve until Operator has elected to reject or  
55 assume this agreement pursuant to the Bankruptcy Code, and an election to reject this agreement by Operator as a debtor in  
56 possession, or by a trustee in bankruptcy, shall be deemed a resignation as Operator without any action by Non-Operators,  
57 except the selection of a successor. During the period of time the operating committee controls operations, all actions shall  
58 require the approval of two (2) or more parties owning a majority interest based on ownership as shown on Exhibit "A." In  
59 the event there are only two (2) parties to this agreement, during the period of time the operating committee controls  
60 operations, a third party acceptable to Operator, Non-Operator and the federal bankruptcy court shall be selected as a  
61 member of the operating committee, and all actions shall require the approval of two (2) members of the operating  
62 committee without regard for their interest in the Contract Area based on Exhibit "A."

63 **C. Employees and Contractors:**

64 The number of employees or contractors used by Operator in conducting operations hereunder, their selection, and the  
65 hours of labor and the compensation for services performed shall be determined Operator, and all such employees or  
66 contractors shall be the employees or contractors of Operator.

67 **D. Rights and Duties of Operator:**

68 **1. Competitive Rates and Use of Affiliates:** All / wells drilled on the Contract Area shall be drilled / on a competitive  
69 basis at the usual rates prevailing in the / area. If it so desires, Operator may employ its own tools and equipment in  
70 performing such operations /, but its charges therefor shall not exceed the prevailing rates in the / area and the rate of such charges  
71 shall be agreed upon by the parties in writing before drilling operations are commenced, and such work shall be performed by  
72 Operator under the same terms and conditions as are customary and usual in the area in contracts of independent contractors  
73 who are doing work of a similar nature. All work performed or materials supplied by affiliates or related parties of Operator  
74 shall be performed or supplied at competitive rates, pursuant to written agreement, and in accordance with customs and  
75 standards prevailing in the industry.

76 **2. Discharge of Joint Account Obligations:** Except as herein otherwise specifically provided, Operator shall promptly pay  
77 and discharge expenses incurred in the development and operation of the Contract Area pursuant to this agreement and shall

1 charge each of the parties hereto with their respective proportionate shares upon the expense basis provided in Exhibit "C."  
2 Notwithstanding anything contained in this agreement to the contrary, the expenses covered by this Article V.D.2 shall include all costs  
3 expenses, and liabilities related to or arising out of any release, protection, defense, indemnification, and/or hold harmless obligations assumed  
4 or incurred by Operator in the development and operation of the Contract area. Operator shall keep an accurate record of the joint account  
5 hereunder, showing expenses incurred and charges and credits made and received.

6 **3. Protection from Liens:** Operator shall pay, or cause to be paid, as and when they become due and payable, all accounts  
7 of contractors and suppliers and wages and salaries for services rendered or performed, and for materials supplied on, to or in  
8 respect of the Contract Area or any operations for the joint account thereof, and shall keep the Contract Area free from liens and encumbrances  
9 resulting therefrom except for those resulting from a bona fide dispute as to services rendered or materials supplied.

10 **4. Custody of Funds:** Operator shall hold for the account of the Non-Operators any funds of the Non-Operators advanced  
11 or paid to the Operator, either for the conduct of operations hereunder or as a result of the sale of production from the  
12 Contract Area, and such funds shall remain the funds of the Non-Operators on whose account they are advanced or paid until  
13 used for their intended purpose or otherwise delivered to the Non-Operators or applied toward the payment of debts as  
14 provided in Article VII.B. Nothing in this paragraph shall be construed to establish a fiduciary relationship between Operator  
15 and Non-Operators for any purpose other than to account for Non-Operator funds as herein specifically provided. Nothing in  
16 this paragraph shall require the maintenance by Operator of separate accounts for the funds of Non-Operators unless the  
17 parties otherwise specifically agree.

18 **5. Access to Contract Area and Records:** Operator shall, except as otherwise provided herein, permit each **Non-Operator**  
19 or its duly authorized representative, at the **Non-Operator's** sole risk and cost, full and free access at all reasonable times to  
20 all operations of every kind and character being conducted for the joint account on the Contract Area and to the records of  
21 operations conducted thereon or production therefrom, including Operator's books and records relating thereto. Such access  
22 rights shall not be exercised in a manner interfering with Operator's conduct of an operation hereunder and shall not obligate  
23 Operator to furnish any geologic or geophysical data of an interpretive nature unless the cost of preparation of such  
24 interpretive data was charged to the joint account. Operator will furnish to each **Non-Operator** upon request copies of any  
25 and all reports and information obtained by Operator in connection with production and related items, including, without  
26 limitation, meter and chart reports, production purchaser statements, run tickets and monthly gauge reports, but excluding  
27 purchase contracts and pricing information to the extent not applicable to the production of the Non-Operator seeking the  
28 information. Any audit of Operator's records relating to amounts expended and the appropriateness of such expenditures  
29 shall be conducted in accordance with the audit protocol specified in Exhibit "C."

30 **6. Filing and Furnishing Governmental Reports:** Operator will file, and upon written request promptly furnish copies to  
31 each requesting **Non-Operator** not in default of its payment obligations, all operational notices, reports or applications  
32 required to be filed by local, State, Federal or Indian agencies or authorities having jurisdiction over operations hereunder.  
33 Each Non-Operator shall provide to Operator on a timely basis all information necessary to Operator to make such filings.

34 **7. Drilling and Testing Operations:** The following provisions shall apply to each well drilled **hereunder, including but not**  
35 **limited to the Initial Well:**

36 (a) Operator will promptly advise **Non-Operators** of the date on which the well is spudded, or the date on which  
37 drilling operations are commenced.

38 (b) Operator will send to **Non-Operators** such reports, test results and notices regarding the progress of operations on the  
39 well as the **Non-Operators** shall reasonably request, including, but not limited to, daily drilling reports, completion reports, and well logs.

40 (c) Operator shall adequately test all Zones encountered which may reasonably be expected to be capable of producing  
41 Oil and Gas in paying quantities as a result of examination of the electric log or any other logs or cores or tests conducted  
42 hereunder.

43 **8. Cost Estimates:** Upon request of any Consenting Party, Operator shall furnish estimates of current and cumulative costs  
44 incurred for the joint account at reasonable intervals during the conduct of any operation pursuant to this agreement.  
45 Operator shall not be held liable for errors in such estimates so long as the estimates are made in good faith.

46 **9. Insurance:** At all times while operations are conducted hereunder, Operator shall comply with the workers  
47 compensation law of the state where the operations are being conducted; provided, however, that Operator may be a self-  
48 insurer for liability under said compensation laws in which event the only charge that shall be made to the joint account shall  
49 be as provided in Exhibit "C." Operator shall also carry or provide insurance for the benefit of the joint account of the parties  
50 as outlined in Exhibit "D" attached hereto and made a part hereof. Operator shall require all contractors engaged in work on  
51 or for the Contract Area to comply with the workers compensation law of the state where the operations are being conducted  
52 and to maintain such other insurance as Operator may require.

53 In the event automobile liability insurance is specified in said Exhibit "D," or subsequently receives the approval of the  
54 parties, no direct charge shall be made by Operator for premiums paid for such insurance for Operator's automotive  
55 equipment.

56 **ARTICLE VI.**  
57 **DRILLING AND DEVELOPMENT**

58 **A. Initial Well:**

59 Operator shall commence the operations for the drilling of the Initial Well within one (1) year of the effective date of a final non-appealable unitization order issued by the appropriate regulatory authority allowing  
60 for operations of the Contract Area and shall thereafter continue the drilling of the well with due diligence to **a depth sufficient in the**  
61 **Operator's reasonable opinion, to adequately test the Utica / Point Pleasant formation with the Initial Well.**

62 In the event a Party elects not to participate (a Non-Consenting Party) in the Initial Well proposed in the Contract Area pursuant to Article  
63 VI.A., upon the timely commencement of actual drilling operations on such well, such Non-Consenting Party shall be deemed to have  
64 relinquished to the Consenting Parties, and the Consenting Parties shall own and be entitled to receive, proportion to their respective interests,  
65 all of such Non-Consenting Party's interest in the well and share of production therefrom until the proceeds of the sale of such share, calculated  
66 at the well head, or market value thereof if such share is not sold, (after deducting production taxes, excise taxes, royalty, overriding royalty,  
67 and other interests not expected by Article III.B payable out of or measured by the production from such well accruing with respect to such  
68 interest until it reverts) shall equal the total of the following: (a) 500% of such Non-Consenting Party's share of the cost of any newly acquired  
69 surface equipment beyond the wellhead connections (including, but not limited to, stock tanks, separators, treaters, pumping equipment and  
70 piping), plus 500% of such Non-Consenting Party's share of the cost of operation of the well commencing with first production and continuing  
71 until such Non-Consenting Party's relinquished interest shall revert to it under other provisions of this Article, it being agreed that such Non-  
72 Consenting Party's share of such costs and equipment will be that interest which would have been chargeable to such Non-Consenting Party  
73 had it participated in the well from the beginning of the operations; and (b) 500% of that portion of the costs and expenses of drilling, testing  
74 and completing, after deducting any cash contributions received under Article III.B, and 500% of that portion of the cost of newly acquired  
75 equipment in the well (to and including wellhead connections), which would have been chargeable to such Non-Consenting Party if it had  
76 participated therein.

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5**B. Subsequent Operations:**

6       1. Proposed Operations: If any party hereto should desire to drill any well on the Contract Area other than the Initial Well, or  
 7 if any party should desire to Rework, Sidetrack, Deepen, Recomplete or Plug Back a dry hole or a well no longer capable of  
 8 producing in paying quantities in which such party has not otherwise relinquished its interest in the proposed objective Zone under  
 9 this agreement, the party desiring to drill, Rework, Sidetrack, Deepen, Recomplete or Plug Back such a well shall give written  
 10 notice of the proposed operation to the parties who have not otherwise relinquished their interest in such objective Zone under this agreement  
 11 and to all other parties in the case of a proposal for Sidetracking or Deepening, specifying the work to be  
 12 performed, the location, proposed depth, objective Zone and the estimated cost of the operation. The parties to whom such a  
 13 notice is delivered shall have thirty (30) days after receipt of the notice within which to notify the party proposing to do the work  
 14 whether they elect to participate in the cost of the proposed operation. If a drilling rig is on location, notice of a proposal to  
 15 facsimile, email, or similar electronic communication  
 16 Rework, Sidetrack, Recomplete, Plug Back or Deepen may be given by telephone / and the response period shall be limited to forty-  
 17 inclusive eight (48) hours, / exclusive of Saturday, Sunday and legal holidays. Failure of a party to whom such notice is delivered to reply  
 18 within the period above fixed shall constitute an election by that party not to participate in the cost of the proposed operation.  
 19 Any proposal by a party to conduct an operation conflicting with the operation initially proposed shall be delivered to all parties  
 20 within the time and in the manner provided in Article VI.B.6. **No Party may elect to participate in any well proposed pursuant to this**  
 21 **Agreement with less than its full and undivided working interest in the Contract Area.**

22       If all parties to whom such notice is delivered elect to participate in such a proposed operation, the parties shall be  
 23 contractually committed to participate therein provided such operations are commenced within the time period hereafter set  
 24 forth, and Operator shall, no later than ninety (90) days after expiration of the notice period of thirty (30) days (or as  
 25 promptly as practicable after the expiration of the forty-eight (48) hour period when a drilling rig is on location, as the case  
 26 may be), actually commence the proposed operation and thereafter complete it with due diligence at the risk and expense of  
 27 the parties participating therein; provided, however, said commencement date may be extended upon written notice of same  
 28 by Operator to the other parties, for a period of up to thirty (30) additional days if, in the sole opinion of Operator, such  
 29 additional time is reasonably necessary to obtain permits from governmental authorities, surface rights (including rights-of-  
 30 way) or appropriate drilling equipment, or to complete title examination or curative matter required for title approval or  
 31 acceptance. If the actual operation has not been commenced within the time provided (including any extension thereof as  
 32 specifically permitted herein or in the force majeure provisions of Article XI) and if any party hereto still desires to conduct  
 33 said operation, written notice proposing same must be resubmitted to the other parties in accordance herewith as if no prior  
 34 proposal had been made. Those parties that did not participate in the drilling of a well for which a proposal to Deepen or  
 35 Sidetrack is made hereunder shall, if such parties desire to participate in the proposed Deepening or Sidetracking operation,  
 36 reimburse the Drilling Parties in accordance with Article VI.B.4. in the event of a Deepening operation and in accordance  
 37 with Article VI.B.5. in the event of a Sidetracking operation.

38       2. Operations by Less Than All Parties: to drill, Rework, Recomplete, Sidetrack, Deepen, or Plug Back a well  
 39       (a) Determination of Participation. If any party to whom such notice is delivered / as provided in Article VI.B.1. or  
 40 VI.C.1. (Option No. 2) elects not to participate in the proposed operation, then, in order to be entitled to the benefits of this  
 41 Article, the party or parties giving the notice and such other parties as shall elect to participate in the operation shall, no  
 42 later than ninety (90) days after the expiration of the notice period of thirty (30) days (or as promptly as practicable after the  
 43 expiration of the forty-eight (48) hour period when a drilling rig is on location, as the case may be) actually commence the  
 44 proposed operation \* and complete it with due diligence. Operator shall perform all work for the account of the Consenting  
 45 Parties; provided, however, if no drilling rig or other equipment is on location, and if Operator is a Non-Consenting Party,  
 46 the Consenting Parties shall either: (i) request Operator to perform the work required by such proposed operation for the  
 47 account of the Consenting Parties, or (ii) designate one of the Consenting Parties as Operator to perform such work. The  
 48 rights and duties granted to and imposed upon the Operator under this agreement are granted to and imposed upon the party  
 49 designated as Operator for an operation in which the original Operator is a Non-Consenting Party. Consenting Parties, when  
 50 conducting operations on the Contract Area pursuant to this Article VI.B.2., shall comply with all terms and conditions of this  
 51 agreement. **\*Nothing contained herein shall prohibit Operator from actually commencing the proposed operation before the**  
 52 **expiration of the notice period, nor shall such commencement affect in any way the validity of a party's election or deemed election.**

53       If less than all parties approve any proposed operation, the proposing party, immediately after the expiration of the  
 54 applicable notice period, shall advise all Parties of the total interest of the parties approving such operation and its  
 55 recommendation as to whether the Consenting Parties should proceed with the operation as proposed. Each Consenting Party,  
 56 within forty-eight (48) hours (exclusive of Saturday, Sunday, and legal holidays) after delivery of such notice, shall advise the  
 57 proposing party of its desire to (i) limit participation to such party's interest as shown on Exhibit "A" or (ii) carry only its  
 58 proportionate part (determined by dividing such party's interest in the Contract Area by the interests of all Consenting Parties in  
 59 the Contract Area) of Non-Consenting Parties' interests, or (iii) carry its proportionate part (determined as provided in (ii)) of  
 60 Non-Consenting Parties' interests together with all or a portion of its proportionate part of any Non-Consenting Parties'  
 61 interests that any Consenting Party did not elect to take. Any interest of Non-Consenting Parties that is not carried by a  
 62 Consenting Party shall be deemed to be carried by the party proposing the operation if such party does not withdraw its  
 63 proposal. Failure to advise the proposing party within the time required shall be deemed an election under (i). In the event a  
 64 drilling rig is on location, notice may be given by telephone, / and the time permitted for such a response shall not exceed a  
 65 total of forty-eight (48) hours (inclusive of Saturday, Sunday and legal holidays). The proposing party, at its election, may  
 66 withdraw such proposal if there is less than 100% participation and shall notify all parties of such decision within ten (10)  
 67 days, or within twenty-four (24) hours if a drilling rig is on location, following expiration of the applicable response period.  
 68 If 100% subscription to the proposed operation is obtained, the proposing party shall promptly notify the Consenting Parties  
 69 of their proportionate interests in the operation and the party serving as Operator shall commence such operation within the  
 70 period provided in Article VI.B.1., subject to the same extension right as provided therein.

71       (b) Relinquishment of Interest for Non-Participation. The entire cost and risk of conducting such operations shall be  
 72 borne by the Consenting Parties in the proportions they have elected to bear same under the terms of the preceding  
 73 paragraph. Consenting Parties shall keep the leasehold estates involved in such operations free and clear of all liens and  
 74 encumbrances of every kind created by or arising from the operations of the Consenting Parties. If such an operation results

1 in a dry hole, then subject to Articles VI.B.6. and VI.E.3., the Consenting Parties shall plug and abandon the well and restore  
 2 the surface location at their sole cost, risk and expense; provided, however, that those Non-Consenting Parties that  
 3 participated in the drilling, Deepening or Sidetracking of the well shall remain liable for, and shall pay, their proportionate  
 4 shares of the cost of plugging and abandoning the well and restoring the surface location insofar only as those costs were not  
 5 increased by the subsequent operations of the Consenting Parties. If any well drilled, Reworked, Sidetracked, Deepened,  
 6 Recompleted or Plugged Back under the provisions of this Article results in a well capable of producing Oil and/or Gas in  
 7 paying quantities, the Consenting Parties shall Complete and equip the well to produce at their sole cost and risk, and the  
 8 well shall then be turned over to Operator (if the Operator did not conduct the operation) and shall be operated by it at the  
 9 expense and for the account of the Consenting Parties. Upon commencement of operations for the drilling, Reworking,  
 10 Sidetracking, Recompleting, Deepening or Plugging Back of any such well by Consenting Parties in accordance with the  
 11 provisions of this Article, each Non-Consenting Party shall be deemed to have relinquished to Consenting Parties, and the  
 12 Consenting Parties shall own and be entitled to receive, in proportion to their respective interests, all of such Non-  
 13 Consenting Party's interest in the well and share of production therefrom or, in the case of a Reworking, Sidetracking, Deepening,  
 14 Recompleting or Plugging Back, or a Completion pursuant to Article VI.C.1. Option No. 2, all of such Non-  
 15 Consenting Party's interest in the production obtained from the operation in which the Non-Consenting Party did not elect  
 16 to participate. Such relinquishment shall be effective until the proceeds of the sale of such share, calculated at the well, or  
 17 market value thereof if such share is not sold (after deducting applicable ad valorem, production, severance, and excise taxes,  
 18 royalty, overriding royalty and other interests not excepted by Article III.C. payable out of or measured by the production  
 19 from such well accruing with respect to such interest until it reverts), shall equal the total of the following:

20 (i) 500 % of each such Non-Consenting Party's share of the cost of any newly acquired surface equipment  
 21 beyond the wellhead connections (including but not limited to stock tanks, separators, treaters, pumping equipment and  
 22 piping), plus 100% of each such Non-Consenting Party's share of the cost of operation of the well commencing with first  
 23 production and continuing until each such Non-Consenting Party's relinquished interest shall revert to it under other  
 24 provisions of this Article, it being agreed that each Non-Consenting Party's share of such costs and equipment will be that  
 25 interest which would have been chargeable to such Non-Consenting Party had it participated in the <sup>proposed</sup> ~~well~~ of operation  
 26 from the beginning of the operations; and

27 (ii) 500 % of (a) that portion of the costs and expenses of drilling, Reworking, Sidetracking, Deepening,  
 28 Plugging Back, testing, Completing, and Recompleting, after deducting any cash contributions received under Article VIII.C.,  
 29 and of (b) that portion of the cost of newly acquired equipment in the well (to and including the wellhead connections),  
 30 which would have been chargeable to such Non-Consenting Party if it had participated therein.

31 Notwithstanding anything to the contrary in this Article VI.B., if the well does not reach the deepest objective Zone  
 32 described in the notice proposing the well for reasons other than the encountering of granite or practically impenetrable  
 33 substance or other condition in the hole rendering further operations impracticable, Operator shall give notice thereof to each  
 34 Non-Consenting Party who submitted or voted for an alternative proposal under Article VI.B.6. to drill the well to a  
 35 shallower Zone than the deepest objective Zone proposed in the notice under which the well was drilled, and each such Non-  
 36 Consenting Party shall have the option to participate in the initial proposed Completion of the well by paying its share of the  
 37 cost of drilling the well to its actual depth, calculated in the manner provided in Article VI.B.4. (a). If any such Non-  
 38 Consenting Party does not elect to participate in the first Completion proposed for such well, the relinquishment provisions  
 39 of this Article VI.B.2. (b) shall apply to such party's interest.

40 (c) Reworking, Recompleting or Plugging Back. An election not to participate in the drilling, Sidetracking or  
 41 Deepening of a well shall be deemed an election not to participate in any Reworking or Plugging Back operation proposed in  
 42 such a well, or portion thereof, to which the initial non-consent election applied that is conducted at any time prior to full  
 43 recovery by the Consenting Parties of the Non-Consenting Party's recoupment amount. Similarly, an election not to  
 44 participate in the Completing or Recompleting of a well shall be deemed an election not to participate in any Reworking  
 45 operation proposed in such a well, or portion thereof, to which the initial non-consent election applied that is conducted at  
 46 any time prior to full recovery by the Consenting Parties of the Non-Consenting Party's recoupment amount. Any such  
 47 Reworking, Recompleting or Plugging Back operation conducted during the recoupment period shall be deemed part of the  
 48 cost of operation of said well and there shall be added to the sums to be recouped by the Consenting Parties 500 % of  
 49 that portion of the costs of the Reworking, Recompleting or Plugging Back operation which would have been chargeable to  
 50 such Non-Consenting Party had it participated therein. If such a Reworking, Recompleting or Plugging Back operation is  
 51 proposed during such recoupment period, the provisions of this Article VI.B. shall be applicable as between said Consenting  
 52 Parties in said well.

53 (d) Recoupment Matters. During the period of time Consenting Parties are entitled to receive Non-Consenting Party's  
 54 share of production, or the proceeds therefrom, Consenting Parties shall be responsible for the payment of all ad valorem,  
 55 production, severance, excise, gathering and other taxes, and all royalty, overriding royalty and other burdens applicable to  
 56 Non-Consenting Party's share of production not excepted by Article III.C.

57 In the case of any Reworking, Sidetracking, Plugging Back, Recompleting or Deepening operation, the Consenting  
 58 Parties shall be permitted to use, free of cost, all casing, tubing and other equipment in the well, but the ownership of all  
 59 such equipment shall remain unchanged; and upon abandonment of a well after such Reworking, Sidetracking, Plugging Back,  
 60 Recompleting or Deepening, the Consenting Parties shall account for all such equipment to the owners thereof, with each  
 61 party receiving its proportionate part in kind or in value, less cost of salvage.

62 Within ninety (90) days after the completion of any operation under this Article, the party conducting the operations  
 63 for the Consenting Parties shall furnish each Non-Consenting Party with an inventory of the equipment in and connected to  
 64 the well, and an itemized statement of the cost of drilling, Sidetracking, Deepening, Plugging Back, testing, Completing,  
 65 Recompleting, and equipping the well for production; or, at its option, the operating party, in lieu of an itemized statement  
 66 of such costs of operation, may submit a detailed statement of monthly billings. Each month thereafter, during the time the  
 67 Consenting Parties are being reimbursed as provided above, the party conducting the operations for the Consenting Parties  
 68 shall furnish the Non-Consenting Parties with an itemized statement of all costs and liabilities incurred in the operation of  
 69 the well, together with a statement of the quantity of Oil and Gas produced from it and the amount of proceeds realized from  
 70 the sale of the well's working interest production during the preceding month. In determining the quantity of Oil and Gas  
 71 produced during any month, Consenting Parties shall use industry accepted methods such as but not limited to metering or  
 72 periodic well tests. Any amount realized from the sale or other disposition of equipment newly acquired in connection with  
 73 any such operation which would have been owned by a Non-Consenting Party had it participated therein shall be credited  
 74 against the total unreturned costs of the work done and of the equipment purchased in determining when the interest of such

# A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT – 1989

1 Non-Consenting Party shall revert to it as above provided; and if there is a credit balance, it shall be paid to such Non-  
2 Consenting Party.

3 If and when the Consenting Parties recover from a Non-Consenting Party's relinquished interest the amounts provided  
4 for above, the relinquished interests of such Non-Consenting Party shall automatically revert to it as of 7:00 a.m. on the / day  
5 following the day on which such recoupment occurs, and, from and after such reversion, such Non-Consenting Party shall  
6 own the same interest in such well, the material and equipment in or pertaining thereto, and the production therefrom as  
7 such Non-Consenting Party would have been entitled to had it participated in the drilling, Sidetracking, Reworking,  
8 Deepening, Recompleting or Plugging Back of said well. Thereafter, such Non-Consenting Party shall be charged with and  
9 shall pay its proportionate part of the further costs of the operation of said well in accordance with the terms of this  
10 agreement and Exhibit "C" attached hereto.

11 3. Stand-By Costs: When a well which has been drilled or Deepened has reached its authorized depth and all tests have  
12 been completed and the results thereof furnished to the parties, or when operations on the well have been otherwise  
13 terminated pursuant to Article VI.F., stand-by costs incurred pending response to a party's notice proposing a Reworking, Sidetracking,  
14 Deepening, Recompleting, Plugging Back or Completing operation in such a well (including the period required  
15 under Article VI.B.6. to resolve competing proposals) shall be charged and borne as part of the drilling or Deepening  
16 operation just completed. Stand-by costs subsequent to all parties responding, or expiration of the response time permitted,  
17 whichever first occurs, and prior to agreement as to the participating interests of all Consenting Parties pursuant to the terms  
18 of the second grammatical paragraph of Article VI.B.2. (a), shall be charged to and borne as part of the proposed operation,  
19 but if the proposal is subsequently withdrawn because of insufficient participation, such stand-by costs shall be allocated  
20 between the Consenting Parties in the proportion each Consenting Party's interest as shown on Exhibit "A" bears to the total  
21 interest as shown on Exhibit "A" of all Consenting Parties.

22 In the event that notice for a Sidetracking operation is given while the drilling rig to be utilized is on location, any party  
23 may request and receive up to five (5) additional days after expiration of the forty-eight hour response period specified in  
24 Article VI.B.1. within which to respond by paying for all stand-by costs and other costs incurred during such extended  
25 response period; Operator may require such party to pay the estimated stand-by time in advance as a condition to extending  
26 the response period. If more than one party elects to take such additional time to respond to the notice, stand-by costs shall be  
27 allocated between the parties taking additional time to respond on a day-to-day basis in the proportion each electing party's  
28 interest as shown on Exhibit "A" bears to the total interest as shown on Exhibit "A" of all the electing parties.

29 4. Deepening: If less than all parties elect to participate in a drilling, Sidetracking, or Deepening operation proposed  
30 pursuant to Article VI.B.1., the interest relinquished by the Non-Consenting Parties to the Consenting Parties under Article  
31 VI.B.2. shall relate only and be limited to the lesser of (i) the total depth actually drilled or (ii) the objective depth or Zone  
32 of which the parties were given notice under Article VI.B.1. ("Initial Objective"). / Such well shall not be Deepened beyond the  
33 Initial Objective without first complying with this Article to afford the Non-Consenting Parties the opportunity to participate  
34 in the Deepening operation.

35 In the event any Consenting Party desires to drill or Deepen a Non-Consent Well to a depth below the Initial Objective,  
36 such party shall give notice thereof, complying with the requirements of Article VI.B.1., to all parties (including Non-  
37 Consenting Parties). Thereupon, Articles VI.B.1. and 2. shall apply and all parties receiving such notice shall have the right to  
38 participate or not participate in the Deepening of such well pursuant to said Articles VI.B.1. and 2. If a Deepening operation  
39 is approved pursuant to such provisions, and if any Non-Consenting Party elects to participate in the Deepening operation,  
40 such Non-Consenting party shall pay or make reimbursement (as the case may be) of the following costs and expenses.

41 (a) If the proposal to Deepen is made prior to the Completion of such well as a well capable of producing in paying  
42 quantities, such Non-Consenting Party shall pay (or reimburse Consenting Parties for, as the case may be) that share of costs  
43 and expenses incurred in connection with the drilling of said well from the surface to the Initial Objective which Non-  
44 Consenting Party would have paid had such Non-Consenting Party agreed to participate therein, plus the Non-Consenting  
45 Party's share of the cost of Deepening and of participating in any further operations on the well in accordance with the other  
46 provisions of this Agreement; provided, however, all costs for testing and Completion or attempted Completion of the well  
47 incurred by Consenting Parties prior to the point of actual operations to Deepen beyond the Initial Objective shall be for the  
48 sole account of Consenting Parties.

49 (b) If the proposal is made for a Non-Consent Well that has been previously Completed as a well capable of producing in paying  
50 quantities, but is no longer capable of producing in paying quantities, such Non-Consenting Party shall pay (or  
51 reimburse Consenting Parties for, as the case may be) its proportionate share of all costs of drilling, Completing, and  
52 equipping said well from the surface to the Initial Objective, calculated in the manner provided in paragraph (a) above, less  
53 those costs recouped by the Consenting Parties from the sale of production from the well. The Non-Consenting Party shall  
54 also pay its proportionate share of all costs of re-entering said well. The Non-Consenting Parties' proportionate part (based  
55 on the percentage of such well Non-Consenting Party would have owned had it previously participated in such Non-Consent  
56 Well) of the costs of salvable materials and equipment remaining in the hole and salvable surface equipment used in  
57 connection with such well shall be determined in accordance with Exhibit "C." If the Consenting Parties have recouped the  
58 cost of drilling, Completing, and equipping the well at the time such Deepening operation is conducted, then a Non-  
59 Consenting Party may participate in the Deepening of the well with no payment for costs incurred prior to re-entering the  
60 well for Deepening.

61 The foregoing shall not imply a right of any Consenting Party to propose any Deepening for a Non-Consent Well prior  
62 to the drilling of such well to its Initial Objective without the consent of the other Consenting Parties as provided in Article  
63 VI.F.

64 5. Sidetracking: Any party having the right to participate in a proposed Sidetracking operation that does not own an  
65 interest in the affected wellbore at the time of the notice shall, upon electing to participate, tender to the wellbore owners its  
66 proportionate share (equal to its interest in the Sidetracking operation) of the value of that portion of the existing wellbore  
67 to be utilized as follows:

68 (a) If the proposal is for Sidetracking an existing dry hole, reimbursement shall be on the basis of the actual costs  
69 incurred in the initial drilling of the well down to the depth at which the Sidetracking operation is initiated.

70 (b) If the proposal is for Sidetracking a well which has previously produced, reimbursement shall be on the basis of  
71 such party's proportionate share of drilling and equipping costs incurred in the initial drilling of the well down to the depth  
72 at which the Sidetracking operation is conducted, calculated in the manner described in Article VI.B.4(b) above. Such party's  
73 proportionate share of the cost of the well's salvable materials and equipment down to the depth at which the Sidetracking  
74 operation is initiated shall be determined in accordance with the provisions of Exhibit "C."

1       6. Order of Preference of Operations. See Article XVI.B.

2       7. Conformity to Spacing Pattern. Notwithstanding the provisions of this Article VI.B.2., it is agreed that no wells shall be  
3 proposed to be drilled to or Completed in or produced from a Zone from which a well located elsewhere on the Contract  
4 Area is producing, unless such well conforms to the then-existing well spacing pattern for such Zone.

5       8. Paying Wells. No party shall conduct any Reworking, Deepening, Plugging Back, Completion, Recompletion, or  
6 Sidetracking operation under this agreement with respect to any well then capable of producing in paying quantities except  
7 with the consent of all parties that have not relinquished interests in the well at the time of such operation.

8       **C. Completion of Wells; Reworking and Plugging Back:**

9       1. Completion: Without the consent of all parties, no well shall be drilled, Deepened or Sidetracked, except any well  
10 drilled, Deepened or Sidetracked pursuant to the provisions of Article VI.B.2. of this agreement. Consent to the drilling,  
11 Deepening or Sidetracking shall include:

12       For Horizontal Wells and Multi-Lateral Wells, all  
13        Option No. 1: All / necessary expenditures for the drilling, Deepening, equipping of the well, including tankage and/or surface  
14       facilities. See also Article XVI.E.

15       For Vertical Wells, all  
16        Option No. 2: All / necessary expenditures for the drilling, Deepening or Sidetracking and testing of the well. When  
17       such well has reached its authorized depth, and all logs, cores and other tests have been completed, and the results  
18       thereof furnished to the parties, Operator shall give immediate notice to the Non-Operators having the right to  
19       participate in a Completion attempt whether or not Operator recommends attempting to Complete the well,  
20       together with Operator's AFE for Completion costs if not previously provided. The parties receiving such notice  
21       shall have forty-eight (48) hours (exclusive of Saturday, Sunday and legal holidays) in which to elect by delivery of  
22       notice to Operator to participate in a recommended Completion attempt or to make a Completion proposal with an  
23       accompanying AFE. Operator shall deliver any such Completion proposal, or any Completion proposal conflicting  
24       with Operator's proposal, to the other parties entitled to participate in such Completion in accordance with the  
25       procedures specified in Article VI.B.6. Election to participate in a Completion attempt shall include consent to all  
26       necessary expenditures for the Completing and equipping of such well, including necessary tankage and/or surface  
27       facilities but excluding any stimulation operation not contained on the Completion AFE. Failure of any party  
28       receiving such notice to reply within the period above fixed shall constitute an election by that party not to  
29       participate in the cost of the Completion attempt; provided, that Article VI.B.6. shall control in the case of  
30       conflicting Completion proposals. If one or more, but less than all of the parties, elect to attempt a Completion, the  
31       provision of Article VI.B.2. hereof (the phrase "Reworking, Sidetracking, Deepening, Recompleting or Plugging  
32       Back" as contained in Article VI.B.2. shall be deemed to include "Completing") shall apply to the operations  
33       thereafter conducted by less than all parties; provided, however, that Article VI.B.2. shall apply separately to each  
34       separate Completion or Recompletion attempt undertaken hereunder, and an election to become a Non-Consenting  
35       Party as to one Completion or Recompletion attempt shall not prevent a party from becoming a Consenting Party  
36       in subsequent Completion or Recompletion attempts regardless whether the Consenting Parties as to earlier  
37       Completions or Recompletions have recouped their costs pursuant to Article VI.B.2.; provided further, that any  
38       recoupment of costs by a Consenting Party shall be made solely from the production attributable to the Zone in  
39       which the Completion attempt is made. Election by a previous Non-Consenting party to participate in a subsequent  
40       Completion or Recompletion attempt shall require such party to pay its proportionate share of the cost of salvable  
41       materials and equipment installed in the well pursuant to the previous Completion or Recompletion attempt,  
42       insofar and only insofar as such materials and equipment benefit the Zone in which such party participates in a  
43       Completion attempt. See also Article XVI.E.

44       2. Rework, Recomplete or Plug Back: No well shall be Reworked, Recompleted or Plugged Back except a well Reworked,  
45 Recompleted, or Plugged Back pursuant to the provisions of Article VI.B.2. of this agreement. Consent to the Reworking,  
46 Recompleting or Plugging Back of a well shall include all necessary expenditures in conducting such operations and  
47 Completing and equipping of said well, including necessary tankage and/or surface facilities.

48       **D. Other Operations:**

49       Operator shall not undertake any single project reasonably estimated to require an expenditure in excess of One Hundred  
50       Thousand Dollars (\$ 100,000.00) except in connection with the  
51       drilling, Sidetracking, Reworking, Deepening, Completing, Recompleting or Plugging Back of a well that has been previously  
52       authorized by or pursuant to this agreement; provided, however, that, in case of explosion, fire, flood or other sudden  
53       emergency, whether of the same or different nature, Operator may take such steps and incur such expenses as in its opinion  
54       are required to deal with the emergency to safeguard life and property but Operator, as promptly as possible, shall report the  
55       emergency to the other parties. If Operator prepares an AFE for its own use, Operator shall furnish any Non-Operator so  
56       requesting an information copy thereof for any single project costing in excess of One Hundred Thousand / Dollars  
57       (\$100,000.00). Any party who has not relinquished its interest in a well shall have the right to propose that  
58       Operator perform repair work or undertake the installation of artificial lift equipment or ancillary production facilities such as  
59       salt water disposal wells or to conduct additional work with respect to a well drilled hereunder or other similar project (but  
60       not including the installation of gathering lines or other transportation or marketing facilities, the installation of which shall  
61       be governed by separate agreement between the parties) reasonably estimated to require an expenditure in excess of the  
62       amount first set forth above in this Article VI.D. (except in connection with an operation required to be proposed under  
63       Articles VI.B.1. or VI.C.1. Option No. 2, which shall be governed exclusively by those Articles). Operator shall deliver such  
64       proposal to all parties entitled to participate therein. If within thirty (30) days thereof Operator secures the written consent  
65       of any party or parties owning at least 51 % of the interests of the parties entitled to participate in such operation,  
66       each party having the right to participate in such project shall be bound by the terms of such proposal and shall be obligated  
67       to pay its proportionate share of the costs of the proposed project as if it had consented to such project pursuant to the terms  
68       of the proposal.

69       **E. Abandonment of Wells:**

70       1. Abandonment of Dry Holes: Except for any well drilled or Deepened pursuant to Article VI.B.2., any well which has  
71       been drilled or Deepened under the terms of this agreement and is proposed to be completed as a dry hole shall not be plugged and abandoned  
72       without the consent of all parties. Should Operator, after diligent effort, be unable to contact any  
73       party, or should any party fail to reply within forty-eight (48) hours (exclusive of Saturday, Sunday and legal holidays) after  
74       delivery of notice of the proposal to plug and abandon such well, such party shall be deemed to have consented to the  
75       proposed abandonment. All such wells shall be plugged and abandoned in accordance with applicable regulations and at the  
76       cost, risk and expense of the parties who participated in the cost of drilling, Sidetracking or Deepening such well. Any party who objects to

1 plugging and abandoning such well by notice delivered to Operator within forty-eight (48) hours (exclusive of Saturday,  
2 Sunday and legal holidays) after delivery of notice of the proposed plugging shall take over the well as of the end of such  
3 forty-eight (48) hour notice period and conduct further operations in search of Oil and/or Gas subject to the provisions of  
4 Article VI.B.; failure of such party to provide proof reasonably satisfactory to Operator of its financial capability to conduct  
5 such operations or to take over the well within such period or thereafter to conduct operations on such well or plug and  
6 abandon such well shall entitle Operator to retain or take possession of the well and plug and abandon the well. The party  
7 taking over the well shall indemnify Operator (if Operator is an abandoning party) and the other abandoning parties against  
8 liability for any further operations conducted on such well except for the costs of plugging and abandoning the well and  
9 restoring the surface, for which the abandoning parties shall remain proportionately liable.

10 2. Abandonment of Wells That Have Produced: Except for any well in which a Non-Consent operation has been  
11 conducted hereunder for which the Consenting Parties have not been fully reimbursed as herein provided, any well which has  
12 or a well capable of production even if such well has never in fact produced ~~who participated in the cost of drilling the well~~  
13 been completed as a producer / shall not be plugged and abandoned without the consent of all parties <sup>7</sup>. If all parties consent to  
14 such abandonment, the well shall be plugged and abandoned in accordance with applicable regulations and at the cost, risk  
15 and expense of all the parties hereto. Failure of a party to reply within thirty (30) days of delivery of notice of proposed  
16 abandonment shall be deemed an election to consent to the proposal. If, within thirty (30) days after delivery of notice of the  
17 proposed abandonment of any well, all parties do not agree to the abandonment of such well, those wishing to continue its  
18 operation from the Zone then open to production shall be obligated to take over the well as of the expiration of the  
19 applicable notice period and shall indemnify Operator (if Operator is an abandoning party) and the other abandoning parties  
20 ~~with respect to the well, including the costs of plugging and abandoning the well and restoring the surface~~ against liability for any further operations <sup>7</sup> on the well conducted by such parties. Failure of such party or parties to provide  
21 proof reasonably satisfactory to Operator of their financial capability to conduct such operations or to take over the well  
22 within the required period or thereafter to conduct operations on such well shall entitle operator to retain or take possession  
23 of such well and plug and abandon the well.

24 Parties taking over a well as provided herein shall tender to each of the other parties its proportionate share of the value of  
25 the well's salvable material and equipment, determined in accordance with the provisions of Exhibit "C," less the estimated cost  
26 of salvaging and the estimated cost of plugging and abandoning and restoring the surface; provided, however, that in the event  
27 the estimated plugging and abandoning and surface restoration costs and the estimated cost of salvaging are higher than the  
28 value of the well's salvable material and equipment, each of the abandoning parties shall tender to the parties continuing  
29 operations their proportionate shares of the estimated excess cost. Each abandoning party shall assign to the non-abandoning  
30 parties, without warranty, express or implied, as to title or as to quantity, or fitness for use of the equipment and material, all  
31 of its interest in the wellbore of the well and related equipment, together with its interest in the Leasehold insofar and only  
32 insofar as such Leasehold covers the right to obtain production from that wellbore in the Zone then open to production. If the  
33 interest of the abandoning party is or includes an Oil and Gas Interest, such party shall execute and deliver to the non-  
34 abandoning party or parties an oil and gas lease, limited to the wellbore and the Zone then open to production, for a term of  
35 one (1) year and so long thereafter as Oil and/or Gas is produced from the Zone covered thereby, such lease to be on the form  
36 attached as Exhibit "B." The assignments or leases so limited shall encompass the Drilling Unit upon which the well is located.  
37 The payments by, and the assignments or leases to, the assignees shall be in a ratio based upon the relationship of their  
38 respective percentage of participation in the Contract Area to the aggregate of the percentages of participation in the Contract  
39 Area of all assignees. There shall be no readjustment of interests in the remaining portions of the Contract Area.

40 Thereafter, abandoning parties shall have no further responsibility, liability, or interest in the operation of or production  
41 from the well in the Zone then open other than the royalties retained in any lease made under the terms of this Article. Upon  
42 request, Operator shall continue to operate the assigned well for the account of the non-abandoning parties at the rates and  
43 charges contemplated by this agreement, plus any additional cost and charges which may arise as the result of the separate  
44 ownership of the assigned well. Upon proposed abandonment of the producing Zone assigned or leased, the assignor or lessor  
45 shall then have the option to repurchase its prior interest in the well (using the same valuation formula) and participate in  
46 further operations therein subject to the provisions hereof.

47 3. Abandonment of Non-Consent Operations: The provisions of Article VI.E.1. or VI.E.2. above shall be applicable as  
48 between Consenting Parties in the event of the proposed abandonment of any well excepted from said Articles; provided,  
49 however, no well shall be permanently plugged and abandoned unless and until all parties having the right to conduct further  
50 operations therein have been notified of the proposed abandonment and afforded the opportunity to elect to take over the well  
51 in accordance with the provisions of this Article VI.E.; and provided further, that Non-Consenting Parties who own an interest  
52 in a portion of the well shall pay their proportionate shares of abandonment and surface restoration cost for such well as  
53 provided in Article VI.B.2.(b).

54 **F. Termination of Operations:**

55 Upon the commencement of an operation for the drilling, Reworking, Sidetracking, Plugging Back, Deepening, testing,  
56 Completion or plugging of a well, including but not limited to the Initial Well, such operation shall not be terminated without  
57 consent of parties bearing 75 % of the costs of such operation; provided, however, that in the event granite or other  
58 practically impenetrable substance or condition in the hole is encountered which renders further operations impractical,  
59 Operator may discontinue operations and give notice of such condition in the manner provided in Article VI.B.1, and the  
60 provisions of Article VI.B. or VI.E. shall thereafter apply to such operation, as appropriate.

61 **G. Taking Production in Kind:**

62  **Option No. 1: Gas Balancing Agreement Attached**

63 Each party shall take in kind or separately dispose of its proportionate share of all Oil and Gas produced from the  
64 Contract Area, exclusive of production which may be used in development and producing operations and in preparing and  
65 treating Oil and Gas for marketing purposes and production unavoidably lost. Any extra expenditure incurred in the taking  
66 in kind or separate disposition by any party of its proportionate share of the production shall be borne by such party. Any  
67 party taking its share of production in kind shall be required to pay for only its proportionate share of such part of  
68 Operator's surface facilities which it uses.

69 Each party shall execute such division orders and contracts as may be necessary for the sale of its interest in  
70 production from the Contract Area, and, except as provided in Article VII.B., shall be entitled to receive payment directly from the  
71 purchaser thereof for its share of all production.

72 If any party fails to make the arrangements necessary to take in kind or separately dispose of its proportionate  
73 share of the Oil produced from the Contract Area, Operator shall have the right, subject to the revocation at will by  
74 the party owning it, but not the obligation, to purchase such Oil or sell it to others at any time and from time to  
75 time, for the account of the non-taking party. Any such purchase or sale by Operator may be terminated by

1 Operator upon at least ten (10) days written notice to the owner of said production and shall be subject always to  
2 the right of the owner of the production upon at least ten (10) days written notice to Operator to exercise at any  
3 time its right to take in kind, or separately dispose of, its share of all Oil not previously delivered to a purchaser.  
4 Any purchase or sale by Operator of any other party's share of Oil shall be only for such reasonable periods of time  
5 as are consistent with the minimum needs of the industry under the particular circumstances, but in no event for a  
6 period in excess of one (1) year.

7 Any such sale by Operator shall be in a manner commercially reasonable under the circumstances but Operator  
8 shall have no duty to share any existing market or to obtain a price equal to that received under any existing  
9 market. The sale or delivery by Operator of a non-taking party's share of Oil under the terms of any existing  
10 contract of Operator shall not give the non-taking party any interest in or make the non-taking party a party to said  
11 contract. No purchase shall be made by Operator without first giving the non-taking party at least ten (10) days  
12 written notice of such intended purchase and the price to be paid or the pricing basis to be used.

13 All parties shall give timely written notice to Operator of their Gas marketing arrangements for the following  
14 month, excluding price, and shall notify Operator immediately in the event of a change in such arrangements.  
15 Operator shall maintain records of all marketing arrangements, and of volumes actually sold or transported, which  
16 records shall be made available to Non-Operators upon reasonable request.

17 In the event one or more parties' separate disposition of its share of the Gas causes split-stream deliveries to separate  
18 pipelines and/or deliveries which on a day-to-day basis for any reason are not exactly equal to a party's respective proportionate  
19 share of total Gas sales to be allocated to it, the balancing or accounting between the parties shall be in accordance with  
20 any Gas balancing agreement between the parties hereto, whether such an agreement is attached as Exhibit "E" or is a  
21 separate agreement. Operator shall give notice to all parties of the first sales of Gas from any well under this agreement.

22  **Option No. 2: No Gas Balancing Agreement:**

23 ~~Each party shall take in kind or separately dispose of its proportionate share of all Oil and Gas produced from  
24 the Contract Area, exclusive of production which may be used in development and producing operations and in  
25 preparing and treating Oil and Gas for marketing purposes and production unavoidably lost. Any extra expenditures  
26 incurred in the taking in kind or separate disposition by any party of its proportionate share of the production shall  
27 be borne by such party. Any party taking its share of production in kind shall be required to pay for only its  
28 proportionate share of such part of Operator's surface facilities which it uses.~~

29 ~~Each party shall execute such division orders and contracts as may be necessary for the sale of its interest in  
30 production from the Contract Area, and, except as provided in Article VII.B., shall be entitled to receive payment  
31 directly from the purchaser thereof for its share of all production.~~

32 ~~If any party fails to make the arrangements necessary to take in kind or separately dispose of its proportionate  
33 share of the Oil and/or Gas produced from the Contract Area, Operator shall have the right, subject to the  
34 revocation at will by the party owning it, but not the obligation, to purchase such Oil and/or Gas or sell it to others  
35 at any time and from time to time, for the account of the non-taking party. Any such purchase or sale by Operator  
36 may be terminated by Operator upon at least ten (10) days written notice to the owner of said production and shall  
37 be subject always to the right of the owner of the production upon at least ten (10) days written notice to Operator  
38 to exercise its right to take in kind, or separately dispose of, its share of all Oil and/or Gas not previously delivered  
39 to a purchaser; provided, however, that the effective date of any such revocation may be deferred at Operator's  
40 election for a period not to exceed ninety (90) days if Operator has committed such production to a purchase  
41 contract having a term extending beyond such ten (10) day period. Any purchase or sale by Operator of any other  
42 party's share of Oil and/or Gas shall be only for such reasonable periods of time as are consistent with the  
43 minimum needs of the industry under the particular circumstances, but in no event for a period in excess of one (1)  
44 year.~~

45 ~~Any such sale by Operator shall be in a manner commercially reasonable under the circumstances, but Operator  
46 shall have no duty to share any existing market or transportation arrangement or to obtain a price or transportation  
47 fee equal to that received under any existing market or transportation arrangement. The sale or delivery by  
48 Operator of a non-taking party's share of production under the terms of any existing contract of Operator shall not  
49 give the non-taking party any interest in or make the non-taking party a party to said contract. No purchase of Oil  
50 and Gas and no sale of Gas shall be made by Operator without first giving the non-taking party ten days written  
51 notice of such intended purchase or sale and the price to be paid or the pricing basis to be used. Operator shall give  
52 notice to all parties of the first sale of Gas from any well under this Agreement.~~

53 ~~All parties shall give timely written notice to Operator of their Gas marketing arrangements for the following  
54 month, excluding price, and shall notify Operator immediately in the event of a change in such arrangements.  
55 Operator shall maintain records of all marketing arrangements, and of volumes actually sold or transported, which  
56 records shall be made available to Non-Operators upon reasonable request.~~

57 **ARTICLE VII.**

58 **EXPENDITURES AND LIABILITY OF PARTIES**

59 **A. Liability of Parties:**

60 The liability of the parties shall be several, not joint or collective. Each party shall be responsible only for its obligations,  
61 and shall be liable only for its proportionate share of the costs of developing and operating the Contract Area. Accordingly, the  
62 liens granted among the parties in Article VII.B. are given to secure only the debts of each severally, and no party shall have  
63 any liability to third parties hereunder to satisfy the default of any other party in the payment of any expense or obligation  
64 hereunder. It is not the intention of the parties to create, nor shall this agreement be construed as creating, a mining or other  
65 partnership, joint venture, agency relationship or association, or to render the parties liable as partners, co-venturers, or  
66 principals. In their relations with each other under this agreement, the parties shall not be considered fiduciaries or to have  
67 established a confidential relationship but rather shall be free to act on an arm's-length basis in accordance with their own  
68 respective self-interest, subject, however, to the obligation of the parties to act in good faith in their dealings with each other  
69 with respect to activities hereunder.

70 **B. Liens and Security Interests: See also Article XVI.DD.**

71 Each party grants to the other parties hereto a lien upon any interest it now owns or hereafter acquires in Oil and Gas  
72 Leases and Oil and Gas Interests in the Contract Area, and a security interest and/or purchase money security interest in any  
73 interest it now owns or hereafter acquires in the personal property and fixtures on or used or obtained for use in connection  
74 therewith, to secure performance of all of its obligations under this agreement including but not limited to payment of expense,

1 interest and fees, the proper disbursement of all monies paid hereunder, the assignment or relinquishment of interest in Oil  
2 and Gas Leases as required hereunder, and the proper performance of operations hereunder. Such lien and security interest  
3 granted by each party hereto shall include such party's leasehold interests, working interests, operating rights, and royalty and  
4 overriding royalty interests in the Contract Area now owned or hereafter acquired and in lands pooled or unitized therewith or  
5 otherwise becoming subject to this agreement, the Oil and Gas when extracted therefrom and equipment situated thereon or  
6 used or obtained for use in connection therewith (including, without limitation, all wells, tools, and tubular goods), and accounts  
7 (including, without limitation, accounts arising from gas imbalances or from the sale of Oil and/or Gas at the wellhead),  
8 contract rights, inventory and general intangibles relating thereto or arising therefrom, and all proceeds and products of the  
9 foregoing.

10 To perfect the lien and security agreement provided herein, each party hereto shall execute and acknowledge the recording  
11 supplement and/or any financing statement prepared and submitted by any party hereto in conjunction herewith or at any time  
12 following execution hereof, and Operator is authorized to file this agreement or the recording supplement executed herewith as  
13 a lien or mortgage in the applicable real estate records and as a financing statement with the proper officer under the Uniform  
14 Commercial Code in the state in which the Contract Area is situated and such other states as Operator shall deem appropriate  
15 to perfect the security interest granted hereunder. Any party may file this agreement, the recording supplement executed  
16 herewith, or such other documents as it deems necessary as a lien or mortgage in the applicable real estate records and/or a  
17 financing statement with the proper officer under the Uniform Commercial Code.

18 Each party represents and warrants to the other parties hereto that the lien and security interest granted by such party to  
19 the other parties shall be a first and prior lien, and each party hereby agrees to maintain the priority of said lien and security  
20 interest against all persons acquiring an interest in Oil and Gas Leases and Interests covered by this agreement by, through or  
21 under such party. All parties acquiring an interest in Oil and Gas Leases and Oil and Gas Interests covered by this agreement,  
22 whether by assignment, merger, mortgage, operation of law, or otherwise, shall be deemed to have taken subject  
23 to the lien and security interest granted by this Article VII.B. as to all obligations attributable to such interest hereunder  
24 whether or not such obligations arise before or after such interest is acquired.

25 To the extent that parties have a security interest under the Uniform Commercial Code of the state in which the  
26 Contract Area is situated, they shall be entitled to exercise the rights and remedies of a secured party under the Code.  
27 The bringing of a suit and the obtaining of judgment by a party for the secured indebtedness shall not be deemed an  
28 election of remedies or otherwise affect the lien rights or security interest as security for the payment thereof. In  
29 addition, upon default by any party in the payment of its share of expenses, interests or fees, or upon the improper use  
30 of funds by the Operator, the other parties shall have the right, without prejudice to other rights or remedies, to collect  
31 from the purchaser the proceeds from the sale of such defaulting party's share of Oil and Gas until the amount owed by  
32 such party, plus interest as provided in "Exhibit C," has been received, and shall have the right to offset the amount  
33 owed against the proceeds from the sale of such defaulting party's share of Oil and Gas. All purchasers of production  
34 may rely on a notification of default from the non-defaulting party or parties stating the amount due as a result of the  
35 default, and all parties waive any recourse available against purchasers for releasing production proceeds as provided in  
36 this paragraph.

37 If any party fails to pay its share of cost within one hundred twenty (120) days after rendition of a statement therefor by  
38 Operator, the non-defaulting parties, including Operator, shall upon request by Operator, pay the unpaid amount in the  
39 proportion that the interest of each such party bears to the interest of all such parties. The amount paid by each party so  
40 paying its share of the unpaid amount shall be secured by the liens and security rights described in Article VII.B., and each  
41 paying party may independently pursue any remedy available hereunder or otherwise.

42 If any party does not perform all of its obligations hereunder, and the failure to perform subjects such party to foreclosure  
43 or execution proceedings pursuant to the provisions of this agreement, to the extent allowed by governing law, the defaulting  
44 party waives any available right of redemption from and after the date of judgment, any required valuation or appraisement  
45 of the mortgaged or secured property prior to sale, any available right / to stay execution or to require a marshaling of assets  
46 / and any required bond in the event a receiver is appointed. In addition, to the extent permitted by applicable law, each party  
47 hereby grants to the other parties a power of sale as to any property that is subject to the lien and security rights granted  
48 hereunder, such power to be exercised in the manner provided by applicable law or otherwise in a commercially reasonable  
49 manner and upon reasonable notice.

50 Each party agrees that the other parties shall be entitled to utilize the provisions of Oil and Gas lien law or other lien  
51 law of any state in which the Contract Area is situated to enforce the obligations of each party hereunder. Without limiting  
52 the generality of the foregoing, to the extent permitted by applicable law, Non-Operators agree that Operator may invoke or  
53 utilize the mechanics' or materialmen's lien law of the state in which the Contract Area is situated in order to secure the  
54 payment to Operator of any sum due hereunder for services performed or materials supplied by Operator.

55 **C. Advances:**

56 Operator, at its election, shall have the right from time to time to demand and receive from one or more of the other  
57 parties payment in advance of their respective shares of the estimated amount of the expense to be incurred in operations  
58 hereunder during the next succeeding month, which right may be exercised only by submission to each such party of an  
59 itemized statement of such estimated expense, together with an invoice for its share thereof. Each such statement and invoice  
60 for the payment in advance of estimated expense shall be submitted on or before the 20th day of the next preceding month.  
61 Each party shall pay to Operator its proportionate share of such estimate within fifteen (15) days after such estimate and  
62 invoice is received. If any party fails to pay its share of said estimate within said time, the amount due shall bear interest as  
63 provided in Exhibit "C" until paid. Proper adjustment shall be made monthly between advances and actual expense to the end  
64 that each party shall bear and pay its proportionate share of actual expenses incurred, and no more.

65 **D. Defaults and Remedies:**

66 If any party fails to discharge any financial obligation under this agreement, including without limitation the failure to  
67 make any advance under the preceding Article VII.C. or any other provision of this agreement, within the period required for  
68 such payment hereunder, then in addition to the remedies provided in Article VII.B. or elsewhere in this agreement, the  
69 remedies specified below shall be applicable. For purposes of this Article VII.D., all notices and elections shall be delivered only by Operator,  
70 except that Operator shall deliver any such notice and election requested by a non-defaulting Non-Operator,  
71 and when Operator is the party in default, the applicable notices and elections can be delivered by any Non-Operator.  
72 Election of any one or more of the following remedies shall not preclude the subsequent use of any other remedy specified  
73 below or otherwise available to a non-defaulting party.

74 1. Suspension of Rights: Any party may deliver to the party in default a Notice of Default, which shall specify the default,

1 specify the action to be taken to cure the default, and specify that failure to take such action will result in the exercise of one  
2 or more of the remedies provided in this Article. If the default is not cured within thirty (30) days of the delivery of such  
3 Notice of Default, all of the rights of the defaulting party granted by this agreement may upon notice be suspended until the  
4 default is cured, without prejudice to the right of the non-defaulting party or parties to continue to enforce the obligations of  
5 the defaulting party previously accrued or thereafter accruing under this agreement. If Operator is the party in default, the  
6 Non-Operators shall have in addition the right, by vote of Non-Operators owning a majority in interest in the Contract Area  
7 after excluding the voting interest of Operator, to appoint a new Operator effective immediately. The rights of a defaulting  
8 party that may be suspended hereunder at the election of the non-defaulting parties shall include, without limitation, the right  
9 to receive information as to any operation conducted hereunder during the period of such default, the right to elect to  
10 participate in an operation proposed under Article VI.B. of this agreement, the right to participate in an operation being  
11 conducted under this agreement even if the party has previously elected to participate in such operation, and the right to  
12 receive proceeds of production from any well subject to this agreement.

13 2. Suit for Damages: Non-defaulting parties or Operator for the benefit of non-defaulting parties may sue (at joint  
14 account expense) to collect the amounts in default, plus interest accruing on the amounts recovered from the date of default  
15 until the date of collection at the rate specified in Exhibit "C" attached hereto. Nothing herein shall prevent any party from  
16 suing any defaulting party to collect consequential damages accruing to such party as a result of the default.

17 3. Deemed Non-Consent: The non-defaulting party may deliver a written Notice of Non-Consent Election to the  
18 defaulting party at any time after the expiration of the thirty-day cure period following delivery of the Notice of Default, in  
19 which event if the billing is for the drilling a new well or the Plugging Back, Sidetracking, Reworking or Deepening of a  
20 well which is to be or has been plugged as a dry hole, or for the Completion or Recompletion of any well, the defaulting  
21 party will be conclusively deemed to have elected not to participate in the operation and to be a Non-Consenting Party with  
22 respect thereto under Article VI.B. or VI.C., as the case may be, to the extent of the costs unpaid by such party,  
23 notwithstanding any election to participate theretofore made. If election is made to proceed under this provision, then the  
24 non-defaulting parties may not elect to sue for the unpaid amount pursuant to Article VII.D.2.

25 Until the delivery of such Notice of Non-Consent Election to the defaulting party, such party shall have the right to cure  
26 its default by paying its unpaid share of costs plus interest at the rate set forth in Exhibit "C," provided, however, such  
27 payment shall not prejudice the rights of the non-defaulting parties to pursue remedies for damages incurred by the non-  
28 defaulting parties as a result of the default. Any interest relinquished pursuant to this Article VII.D.3. shall be offered to the  
29 non-defaulting parties in proportion to their interests, and the non-defaulting parties electing to participate in the ownership  
30 of such interest shall be required to contribute their shares of the defaulted amount upon their election to participate therein.

31 4. Advance Payment: If a default is not cured within thirty (30) days of the delivery of a Notice of Default, Operator, or  
32 Non-Operators if Operator is the defaulting party, may thereafter require advance payment from the defaulting  
33 party of such defaulting party's anticipated share of any item of expense for which Operator, or Non-Operators, as the case may  
34 be, would be entitled to reimbursement under any provision of this agreement, whether or not such expense was the subject of  
35 the previous default. Such right includes, but is not limited to, the right to require advance payment for the estimated costs of  
36 drilling a well or Completion of a well as to which an election to participate in drilling or Completion has been made. If the  
37 defaulting party fails to pay the required advance payment, the non-defaulting parties may pursue any of the remedies provided  
38 in the Article VII.D. or any other default remedy provided elsewhere in this agreement. Any excess of funds advanced remaining  
39 when the operation is completed and all costs have been paid shall be promptly returned to the advancing party.

40 5. Costs and Attorneys' Fees: In the event any party is required to bring legal proceedings to enforce any financial  
41 obligation of a party hereunder, the prevailing party in such action shall be entitled to recover all court costs, costs of  
42 collection, and a reasonable attorney's fee, which the lien provided for herein shall also secure.

43 **E. Rentals, Shut-in Well Payments and Minimum Royalties:**

44 Rentals, shut-in well payments and minimum royalties which may be required under the terms of any lease shall be paid  
45 by the party or parties who subjected such lease to this agreement at its or their expense. In the event two or more parties  
46 own and have contributed interests in the same lease to this agreement, such parties may designate one of such parties to  
47 make said payments for and on behalf of all such parties. Any party may request, and shall be entitled to receive, proper  
48 evidence of all such payments. In the event of failure to make proper payment of any rental, shut-in well payment or  
49 minimum royalty through mistake or oversight where such payment is required to continue the lease in force, any loss which  
50 results from such non-payment shall be borne in accordance with the provisions of Article IV.B.2.

51 Operator shall notify Non-Operators of the anticipated completion of a shut-in well, or the shutting in or return to  
52 production of a producing well, at least five (5) days (excluding Saturday, Sunday, and legal holidays) prior to taking such  
53 action, or at the earliest opportunity permitted by circumstances, but assumes no liability for failure to do so. In the event of  
54 failure by Operator to so notify Non-Operators, the loss of any lease contributed hereto by Non-Operators for failure to make  
55 timely payments of any shut-in well payment shall be borne jointly by the parties hereto under the provisions of Article  
56 IV.B.3.

57 **F. Taxes:**

58 Beginning with the first calendar year after the effective date hereof, Operator shall render for ad valorem taxation all  
59 property subject to this agreement which by law should be rendered for such taxes, and it shall pay all such taxes assessed  
60 thereon before they become delinquent. Prior to the rendition date, each Non-Operator shall furnish Operator information as  
61 to burdens (to include, but not be limited to, royalties, overriding royalties and production payments) on Leases and Oil and  
62 Gas Interests contributed by such Non-Operator. If the assessed valuation of any Lease is reduced by reason of its being  
63 subject to outstanding excess royalties, overriding royalties or production payments, the reduction in ad valorem taxes  
64 resulting therefrom shall inure to the benefit of the owner or owners of such Lease, and Operator shall adjust the charge to  
65 such owner or owners so as to reflect the benefit of such reduction. If the ad valorem taxes are based in whole or in part  
66 upon separate valuations of each party's working interest, then notwithstanding anything to the contrary herein, charges to  
67 the joint account shall be made and paid by the parties hereto in accordance with the tax value generated by each party's  
68 working interest. Operator shall bill the other parties for their proportionate shares of all tax payments in the manner  
69 provided in Exhibit "C."

70 If Operator considers any tax assessment improper, Operator may, at its discretion, protest within the time and manner  
71 prescribed by law, and prosecute the protest to a final determination, unless all parties agree to abandon the protest prior to final  
72 determination. During the pendency of administrative or judicial proceedings, Operator may elect to pay, under protest, all such taxes  
73 and any interest and penalty. When any such protested assessment shall have been finally determined, Operator shall pay the tax for  
74 the joint account, together with any interest and penalty accrued, and the total cost shall then be assessed against the parties, and be

1 paid by them, as provided in Exhibit "C."

2 Each party shall pay or cause to be paid all production, severance, excise, gathering and other taxes imposed upon or with respect  
3 to the production or handling of such party's share of Oil and Gas produced under the terms of this agreement.

4

5

## ARTICLE VIII.

### ACQUISITION, MAINTENANCE OR TRANSFER OF INTEREST

#### A. Surrender of Leases:

9 The Leases covered by this agreement, insofar as they embrace acreage in the Contract Area, shall not be surrendered in whole  
10 or in part unless all parties consent thereto; **however, no consent shall be necessary to release a lease which has expired or otherwise**  
11 **terminated in accordance with its terms.**

**Should**

12 However, should / any party desire to surrender its interest in any Lease or in any portion thereof, such party shall give written  
13 notice of the proposed surrender to all parties, and the parties to whom such notice is delivered shall have thirty (30) days after  
14 delivery of the notice within which to notify the party proposing the surrender whether they elect to consent thereto. Failure of a  
15 party to whom such notice is delivered to reply within said 30-day period shall constitute a consent to the surrender of the Leases  
16 described in the notice. If all parties do not agree or consent thereto, the party desiring to surrender shall assign, without express or  
17 implied warranty of title, all of its interest in such Lease, or portion thereof, and any well, material and equipment which may be  
18 located thereon and any rights in production thereafter secured, to the parties not consenting to such surrender. If the interest of the  
19 assigning party is or includes an Oil and Gas Interest, the assigning party shall execute and deliver to the party or parties not  
20 consenting to such surrender an oil and gas lease covering such Oil and Gas Interest for a term of one (1) year and so long  
21 thereafter as Oil and/or Gas is produced from the land covered thereby, such lease to be on the form attached hereto as Exhibit "B."  
22 Upon such assignment or lease, the assigning party shall be relieved from all obligations thereafter accruing, but not theretofore  
23 accrued, with respect to the interest assigned or leased and the operation of any well attributable thereto, and the assigning party  
24 shall have no further interest in the assigned or leased premises and its equipment and production other than the royalties retained  
25 in any lease made under the terms of this Article. The party assignee or lessee shall pay to the party assignor or lessor the  
26 reasonable salvage value of the latter's interest in any well's salvable materials and equipment attributable to the assigned or leased  
27 acreage. The value of all salvable materials and equipment shall be determined in accordance with the provisions of Exhibit "C," less  
28 the estimated cost of salvaging and the estimated cost of plugging and abandoning and restoring the surface. If such value is less  
29 than such costs, then the party assignor or lessor shall pay to the party assignee or lessee the amount of such deficit. If the  
30 assignment or lease is in favor of more than one party, the interest shall be shared by such parties in the proportions that the  
31 interest of each bears to the total interest of all such parties. If the interest of the parties to whom the assignment is to be made  
32 varies according to depth, then the interest assigned shall similarly reflect such variances.

33 Any assignment, lease or surrender made under this provision shall ~~not reduce or change the assignor's, lessor's or~~ **pursuant to Article XVII.**  
34 party's interest as it was immediately before the assignment, lease or surrender in the balance of the Contract Area; and the acreage  
35 assigned, leased or surrendered, and subsequent operations thereon, shall ~~not thereafter be subject to the terms and provisions of this~~  
36 ~~agreement but shall be deemed subject to an Operating Agreement in the form of this agreement.~~

#### B. Renewal or Extension of Leases:

38 If any party secures a renewal or replacement of an Oil and Gas Lease or Interest subject to this agreement, then all other parties  
39 shall be notified promptly upon such acquisition or, in the case of a replacement Lease taken before expiration of an existing Lease,  
40 promptly upon expiration of the existing Lease. The parties notified shall have the right for a period of thirty (30) days following  
41 delivery of such notice in which to elect to participate in the ownership of the renewal or replacement Lease, insofar as such Lease  
42 affects lands within the Contract Area, by paying to the party who acquired it their proportionate shares of the acquisition cost  
43 allocated to that part of such Lease within the Contract Area, which shall be in proportion to the interest held at that time by the  
44 parties in the Contract Area. Each party who participates in the purchase of a renewal or replacement Lease shall be given an  
45 assignment of its proportionate interest therein by the acquiring party.

46 If some, but less than all, of the parties elect to participate in the purchase of a renewal or replacement Lease, it shall be owned  
47 by the parties who elect to participate therein, in a ratio based upon the relationship of their respective percentage of participation in  
48 the Contract Area to the aggregate of the percentages of participation in the Contract Area of all parties participating in the  
49 purchase of such renewal or replacement Lease. The acquisition of a renewal or replacement Lease by any or all of the parties hereto  
50 shall ~~not cause a readjustment of the interests of the parties stated in Exhibit "A" / but~~ **pursuant to Article XVII.** any renewal or replacement Lease in which  
51 less than all parties elect to participate shall ~~not be subject to this agreement but shall be deemed subject to a separate Operating~~  
52 ~~Agreement in the form of this agreement.~~

53 If the interests of the parties in the Contract Area vary according to depth, then their right to participate proportionately in  
54 renewal or replacement Leases and their right to receive an assignment of interest shall also reflect such depth variances.

55 The provisions of this Article shall apply to renewal or replacement Leases whether they are for the entire interest covered by  
56 the expiring Lease or cover only a portion of its area or an interest therein. Any renewal or replacement Lease taken before the  
57 expiration of its predecessor Lease, or taken or contracted for or becoming effective within six (6) months after the expiration of the  
58 existing Lease, shall be subject to this provision so long as this agreement is in effect at the time of such acquisition or at the time  
59 the renewal or replacement Lease becomes effective; but any Lease taken or contracted for more than six (6) months after the  
60 expiration of an existing Lease shall not be deemed a renewal or replacement Lease and shall not be subject to the provisions of this  
61 agreement.

62 The provisions in this Article shall ~~not also~~ be applicable to extensions of Oil and Gas Leases.

#### C. Acreage or Cash Contributions:

64 While this agreement is in force, if any party contracts for a contribution of cash towards the drilling of a well or any other  
65 operation on the Contract Area, such contribution shall be paid to the party who conducted the drilling or other operation and shall  
66 be applied by it against the cost of such drilling or other operation. If the contribution be in the form of acreage, the party to whom  
67 the contribution is made shall promptly tender an assignment of the acreage, without warranty of title, to the Drilling Parties in the  
68 proportions said Drilling Parties shared the cost of drilling the well. Such acreage shall become a separate Contract Area and, to the  
69 extent possible, be governed by provisions identical to this agreement. Each party shall promptly notify all other parties of any  
70 acreage or cash contributions it may obtain in support of any well or any other operation on the Contract Area. The above  
71 provisions shall also be applicable to optional rights to earn acreage outside the Contract Area which are in support of well drilled  
72 inside / Contract Area.

73 If any party contracts for any consideration relating to disposition of such party's share of substances produced hereunder,  
74 such consideration shall not be deemed a contribution as contemplated in this Article VIII.C.

1 **D. Assignment; Maintenance of Uniform Interest:**

2 For the purpose of maintaining uniformity of ownership in the Contract Area in the Oil and Gas Leases, Oil and Gas  
3 Interests, wells, equipment and production covered by this agreement no party shall sell, encumber, transfer or make other  
4 disposition of its interest in the Oil and Gas Leases and Oil and Gas Interests embraced within the Contract Area or in wells,  
5 equipment and production unless such disposition covers either:  
6 1. the entire interest of the party in all Oil and Gas Leases, Oil and Gas Interests, wells, equipment and production; or  
7 2. an equal undivided percent of the party's present interest in all Oil and Gas Leases, Oil and Gas Interests, wells,  
8 equipment and production in the Contract Area.

9 Every sale, encumbrance, transfer or other disposition made by any party shall be made expressly subject to this agreement  
10 and shall be made without prejudice to the right of the other parties, and any transferee of an ownership interest in any Oil and  
11 Gas Lease or Interest shall be deemed a party to this agreement as to the interest conveyed from and after the effective date of  
12 the transfer of ownership; provided, however, that the other parties shall not be required to recognize any such sale, encumbrance,  
13 transfer or other disposition for any purpose hereunder until thirty (30) days after they have received a copy of the instrument  
14 of transfer or other satisfactory evidence thereof in writing from the transferor or transferee. No assignment or other  
15 disposition of interest by a party shall relieve such party of obligations previously incurred by such party hereunder with respect  
16 to the interest transferred, including without limitation the obligation of a party to pay all costs attributable to an operation  
17 conducted hereunder in which such party has agreed to participate prior to making such assignment, and the lien and security  
18 interest granted by Article VII.B. shall continue to burden the interest transferred to secure payment of any such obligations.

19 If, at any time the interest of any party is divided among and owned by four or more co-owners, Operator, at its discretion,  
20 may require such co-owners to appoint a single trustee or agent with full authority to receive notices, approve expenditures,  
21 receive billings for and approve and pay such party's share of the joint expenses, and to deal generally with, and with power to  
22 bind, the co-owners of such party's interest within the scope of the operations embraced in this agreement; however, all such co-  
23 owners shall have the right to enter into and execute all contracts or agreements for the disposition of their respective shares of  
24 the Oil and Gas produced from the Contract Area and they shall have the right to receive, separately, payment of the sale  
25 proceeds thereof.

26 **E. Waiver of Rights to Partition:**

27 If permitted by the laws of the state or states in which the property covered hereby is located, each party hereto owning an  
28 undivided interest in the Contract Area waives any and all rights it may have to partition and have set aside to it in severalty its  
29 undivided interest therein.

30 **F. Preferential Right to Purchase**

31  (Optional: Check if applicable)

32 Should any party desire to sell all or any part of its interests under this agreement, or its rights and interests in the Contract  
33 Area, it shall promptly give written notice to the other parties, with full information concerning its proposed disposition, which  
34 shall include the name and address of the prospective transferee (who must be ready, willing and able to purchase), the purchase  
35 price, a legal description sufficient to identify the property, and all other terms of the offer. The other parties shall then have an  
36 optional prior right, for a period of ten (10) days after notice is delivered, to purchase for the stated consideration on the  
37 same terms and conditions the interest which the other party proposes to sell; and, if this optional right is exercised, the  
38 purchasing parties shall share the purchased interest in the proportions that the interest of each bears to the total interest of all  
39 purchasing parties. However, there shall be no preferential right to purchase in those cases where any party wishes to mortgage  
40 its interests, or to transfer title to its interest to its mortgagee in lieu of or pursuant to foreclosure of a mortgage of its interests,  
41 or to dispose of its interests by merger, reorganization, consolidation, or by sale of all or substantially all of its Oil and Gas assets  
42 to any party, or by transfer of its interests to a subsidiary or parent company or to a subsidiary of a parent company, or to any  
43 company in which such party owns a majority of the stock.

44 **ARTICLE IX.**

45 **INTERNAL REVENUE CODE ELECTION**

46 If, for federal income tax purposes, this agreement and the operations hereunder are regarded as a partnership, and if the  
47 parties have not otherwise agreed to form a tax partnership pursuant to Exhibit "G" or other agreement between them, each  
48 party thereby affected elects to be excluded from the application of all of the provisions of Subchapter "K," Chapter 1, Subtitle  
49 "A," of the Internal Revenue Code of 1986, as amended ("Code"), as permitted and authorized by Section 761 of the Code and  
50 the regulations promulgated thereunder. Operator is authorized and directed to execute on behalf of each party hereby affected  
51 such evidence of this election as may be required by the Secretary of the Treasury of the United States or the Federal Internal  
52 Revenue Service, including specifically, but not by way of limitation, all of the returns, statements, and the data required by  
53 Treasury Regulation §1.761. Should there be any requirement that each party hereby affected give further evidence of this  
54 election, each such party shall execute such documents and furnish such other evidence as may be required by the Federal Internal  
55 Revenue Service or as may be necessary to evidence this election. No such party shall give any notices or take any other action  
56 inconsistent with the election made hereby. If any present or future income tax laws of the state or states in which the Contract  
57 Area is located or any future income tax laws of the United States contain provisions similar to those in Subchapter "K," Chapter  
58 1, Subtitle "A," of the Code, under which an election similar to that provided by Section 761 of the Code is permitted, each party  
59 hereby affected shall make such election as may be permitted or required by such laws. In making the foregoing election, each  
60 such party states that the income derived by such party from operations hereunder can be adequately determined without the  
61 computation of partnership taxable income.

62 **ARTICLE X.**

63 **CLAIMS AND LAWSUITS**

64 Operator may settle any single uninsured third party damage claim or suit arising from operations hereunder if the expenditure  
65 does not exceed One Hundred Thousand Dollars (\$100,000.00) and if the payment is in complete settlement  
66 of such claim or suit. If the amount required for settlement exceeds the above amount, the parties hereto shall assume and take over  
67 the further handling of the claim or suit, unless such authority is delegated to Operator. All costs and expenses of handling settling,  
68 or otherwise discharging such claim or suit shall be a the joint expense of the parties participating in the operation from which the  
69 claim or suit arises. If a claim is made against any party or if any party is sued on account of any matter arising from operations  
70 hereunder over which such individual has no control because of the rights given Operator by this agreement, such party shall  
71 immediately notify all other parties, and the claim or suit shall be treated as any other claim or suit involving operations hereunder.

72 **ARTICLE XI.**

73 **FORCE MAJEURE**

74 If any party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this agreement, other

1 than the obligation to indemnify or make money payments or furnish security, that party shall give to all other parties  
2 prompt written notice of the force majeure with reasonably full particulars concerning it; thereupon, the obligations of the  
3 party giving the notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than, the  
4 continuance of the force majeure. The term "force majeure," as here employed, shall mean an act of God, strike, lockout, or  
5 other industrial disturbance, act of the public enemy, war, blockade, public riot, lightening, fire, storm, flood or other act of  
6 nature, explosion, governmental action, governmental delay, restraint or inaction, unavailability of equipment, and any other  
7 cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the party  
8 claiming suspension.

9 The affected party shall use all reasonable diligence to remove the force majeure situation as quickly as practicable. The  
10 requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes,  
11 lockouts, or other labor difficulty by the party involved, contrary to its wishes; how all such difficulties shall be handled shall  
12 be entirely within the discretion of the party concerned.

## ARTICLE XII.

### NOTICES

15 All notices authorized or required between the parties by any of the provisions of this agreement, unless otherwise  
16 specifically provided, shall be in writing and delivered in person or by United States mail, courier service, / telegram, telex,  
17 telecopier or any other form of facsimile, postage or charges prepaid, and addressed to such parties at the addresses listed on  
18 Exhibit "A." All telephone or oral notices permitted by this agreement shall be confirmed immediately thereafter by written  
19 notice. The originating notice given under any provision hereof shall be deemed delivered only when received by the party to  
20 whom such notice is directed, and the time for such party to deliver any notice in response thereto shall run from the date  
21 the originating notice is received. "Receipt" for purposes of this agreement with respect to written notice delivered hereunder  
22 shall be actual delivery of the notice to the address of the party to be notified specified in accordance with this agreement, or  
23 to the telecopy, facsimile / or telex machine of such party. The second or any responsive notice shall be deemed delivered when  
24 deposited in the United States mail or at the office of the courier or telegraph service, or upon transmittal by telex, / telecopy  
25 or facsimile, or when personally delivered to the party to be notified, provided, that when response is required within 24 or  
26 48 hours, such response shall be given orally or by telephone, telex, / telecopy or other facsimile within such period. Each party  
27 shall have the right to change its address at any time, and from time to time, by giving written notice thereof to all other  
28 parties. If a party is not available to receive notice orally or by telephone when a party attempts to deliver a notice required  
29 to be delivered within 24 or 48 hours, the notice may be delivered in writing by any other method specified herein and shall  
30 be deemed delivered in the same manner provided above for any responsive notice.

## ARTICLE XIII.

### TERM OF AGREEMENT

33 This agreement shall remain in full force and effect as to the Oil and Gas Leases and/or Oil and Gas Interests subject  
34 hereto for the period of time selected below; provided, however, no party hereto shall ever be construed as having any right, title  
35 or interest in or to any Lease or Oil and Gas Interest contributed by any other party beyond the term of this agreement.

36  Option No. 1: So long as any of the Oil and Gas Leases subject to this agreement remain or are continued in force as to any part  
37 of the Contract Area, whether by production, extension, renewal or otherwise

38  Option No. 2: In the event the well described in Article VI.A., or any subsequent well drilled under any provision  
39 of this agreement, results in the Completion of a well as a well capable of production of Oil and/or Gas in paying  
40 quantities, this agreement shall continue in force so long as any such well is capable of production, and for an  
41 additional period of ninety (90) days thereafter; provided, however, if, prior to the expiration of such  
42 additional period, one or more of the parties hereto are engaged in drilling, Reworking, Deepening, Sidetracking,  
43 Plugging Back, testing or attempting to Complete or Re-complete a well or wells hereunder, this agreement shall  
44 continue in force until such operations have been completed and if production results therefrom, this agreement  
45 shall continue in force as provided herein. In the event the well described in Article VI.A., or any subsequent well  
46 drilled hereunder, results in a dry hole, and no other well is capable of producing Oil and/or Gas from the  
47 Contract Area, this agreement shall terminate unless drilling, Deepening, Sidetracking, Completing, Re-  
48 completing, Plugging Back or Reworking operations are commenced within ninety (90) days from the  
49 date of abandonment of said well. "Abandonment" for such purposes shall mean either (i) a decision by all parties  
50 not to conduct any further operations on the well or (ii) the elapse of 180 days from the conduct of any  
51 operations on the well, whichever first occurs.

52 The termination of this agreement shall not relieve any party hereto from any expense, liability or other obligation or any  
53 remedy therefor which has accrued or attached prior to the date of such termination.

54 Upon termination of this agreement and the satisfaction of all obligations hereunder, in the event a memorandum of this  
55 Operating Agreement has been filed of record, Operator is authorized to file of record in all necessary recording offices a  
56 notice of termination, and each party hereto agrees to execute such a notice of termination as to Operator's interest, upon  
57 request of Operator, if Operator has satisfied all its financial obligations.

## ARTICLE XIV.

### COMPLIANCE WITH LAWS AND REGULATIONS

#### A. Laws, Regulations and Orders:

61 This agreement shall be subject to the applicable laws of the state in which the Contract Area is located, to the valid rules,  
62 regulations, and orders of any duly constituted regulatory body of said state; and to all other applicable federal, state,  
63 and local laws, ordinances, rules, regulations and orders.

#### B. Governing Law:

65 This agreement and all matters pertaining hereto, including but not limited to matters of performance, non-  
66 performance, breach, remedies, procedures, rights, duties, and interpretation or construction, shall be governed and  
67 determined by the law of the state in which the Contract Area is located. ~~If the Contract Area is in two or more states,  
68 the law of the state of \_\_\_\_\_ shall govern.~~

#### C. Regulatory Agencies:

70 Nothing herein contained shall grant, or be construed to grant, Operator the right or authority to waive or release any  
71 rights, privileges, or obligations which Non-Operators may have under federal or state laws or under rules, regulations or orders promulgated  
72 under such laws in reference to oil, gas and mineral operations, including the location, operation, or  
73 production of wells, on tracts offsetting or adjacent to the Contract Area.

74 With respect to the operations hereunder, Non-Operators agree to release Operator from any and all losses, damages,

1   injuries, claims and causes of action arising out of, incident to or resulting directly or indirectly from Operator's interpretation  
2   or application of rules, rulings, regulations or orders of the Department of Energy or Federal Energy Regulatory Commission  
3   or predecessor or successor agencies to the extent such interpretation or application was made in good faith and does not  
4   constitute gross negligence. Each Non-Operator further agrees to reimburse Operator for such Non-Operator's share of  
5   production or any refund, fine, levy or other governmental sanction that Operator may be required to pay as a result of such  
6   an incorrect interpretation or application, together with interest and penalties thereon owing by Operator as a result of such  
7   incorrect interpretation or application.

## ARTICLE XV. MISCELLANEOUS

#### A. Execution:

11 This agreement shall be binding upon each Non-Operator when this agreement or a counterpart thereof has been  
12 executed by such Non-Operator and Operator notwithstanding that this agreement is not then or thereafter executed by all of  
13 the parties to which it is tendered or which are listed on Exhibit "A" as owning an interest in the Contract Area or which  
14 own, in fact, an interest in the Contract Area. Operator may, however, by written notice to all Non-Operators who have  
15 become bound by this agreement as aforesaid, given at any time prior to the actual spud date of the Initial Well but in no  
16 event later than five days prior to the date specified in Article VI.A. for commencement of the Initial Well, terminate this  
17 agreement if Operator in its sole discretion determines that there is insufficient participation to justify commencement of  
18 drilling operations. In the event of such a termination by Operator, all further obligations of the parties hereunder shall cease  
19 as of such termination. In the event any Non-Operator has advanced or prepaid any share of drilling or other costs  
20 hereunder, all sums so advanced shall be returned to such Non-Operator without interest. In the event Operator proceeds  
21 with drilling operations for the Initial Well without the execution hereof by all persons listed on Exhibit "A" as having a  
22 current working interest in such well, Operator shall indemnify Non-Operators with respect to all costs incurred for the  
23 Initial Well which would have been charged to such person under this agreement if such person had executed the same and  
24 Operator shall receive all revenues which would have been received by such person under this agreement if such person had  
25 executed the same.

## B. Successors and Assigns:

27 This agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs,  
28 devisees, legal representatives, successors and assigns, and the terms hereof shall be deemed to run with the Leases or  
29 Interests included within the Contract Area.

### 30 C. Counterparts:

31 This instrument may be executed in any number of counterparts, each of which shall be considered an original for all  
32 purposes.

**D. Severability:**

34 For the purposes of assuming or rejecting this agreement as an executory contract pursuant to federal bankruptcy laws,  
35 this agreement shall not be severable, but rather must be assumed or rejected in its entirety, and the failure of any party to  
36 this agreement to comply with all of its financial obligations provided herein shall be a material default.

## ARTICLE XVI. OTHER PROVISIONS

### A. Conflicts:

42       Notwithstanding anything herein contained to the contrary, it is understood and agreed that if there is any conflict between any  
43 part of or all of the terms and provisions of Article XVI and any other terms and provisions of this agreement, the terms and provisions  
44 of this Article XVI shall prevail and control.

## 46 B. Priority of Operations:

47 Notwithstanding anything herein to the contrary, it is agreed that where a well shall have been drilled to the objective depth or the  
48 objective formation and the Consenting Parties in the well cannot mutually agree upon the sequence and timing of further operations  
49 regarding said well, the following elections shall control in the order of priority enumerated hereafter:

1. An election to do additional logging, coring or testing;
2. An election to attempt to complete the well at either the objective depth or objective formation;
3. An election to plug back and attempt to complete said well at an alternate depth or formation;
4. An election to deepen said well;
5. An election to sidetrack said well;
6. An election to plug and abandon said well.

56 It is provided, however, that if, at the time the Consenting Parties are considering any of the above elections, the hole is in such a  
57 condition that a reasonably prudent Operator would not conduct the operations contemplated by the particular election involved for  
58 fear of placing the hole in jeopardy or losing the same prior to completing the well in the objective depth or objective formation, such  
59 election shall be eliminated from the priorities hereinabove set forth.

### 61 C. Netting and Setoff:

62        Except for any payments related to charges on any joint interest billing that any Non-Operator has disputed in good faith, in the  
63        event that a Non-Operator does not remit payment for any operating costs or charges assessable to such Non-Operator and permitted  
64        under this Operating Agreement within forty five (45) days after the date payment is due, Operator is authorized to deduct such costs  
65        or charges, and to remit to such Non-Operator their respective net share of any proceeds attributable to the interest of such Non-  
66        Operator being received directly from any purchasers of production from the Contract Area. The foregoing provisions shall not  
67        diminish Operator's lien rights contained within this Operating Agreement.

#### 69 D. Multiple Billing:

70 In no event shall Operator be required to make more than four billings for the entire interest credited to each Non-Operator on Exhibit  
71 "A". If any Non-Operator to this agreement disposes of any part or all of the interest credited to it on Exhibit "A", hereinafter referred to  
72 as "Selling Party," such Selling Party shall be solely responsible for billing its assignee or assignees and shall remain primarily liable to the  
73 other Parties for the interest or interests assigned until such time as Selling Party has (1) designated and qualified the assignees to receive  
74 the billing for its interest, (2) designated assignees have been approved and accepted by Operator, and (3) has furnished to Operator written

1 notice of the conveyance and photocopy of the recorded assignments by which the transfer is made. The sale or other disposition of any  
2 interest in the leases covered by this agreement shall be made specifically subject to the provisions of this Article. Operator's approval shall  
3 not be unreasonably withheld.

5

6 **E. Horizontal Wells:**

7       1. Notwithstanding anything contained herein to the contrary, (i) the provisions of Article VI.C.I Option No. 1 shall apply  
8 to any Horizontal Well or Multi-lateral Well proposed hereunder, and (ii) the provisions of Article VI.C.1. Option No. 2 shall apply  
9 to all other wells proposed hereunder that are not expressly proposed as Horizontal Wells or Multi-lateral Wells. To be effective as  
10 a Horizontal Well Proposal, such proposal must include an AFE, the corresponding anticipated Unit and Contract Area size and  
11 dimensions within which the well will be drilled, and other accompanying documents that clearly indicate the well being proposed is  
12 a Horizontal Well or Multi-lateral Well. As to any possible conflicts that may arise during the completion phase of a Horizontal Well  
13 or Multi-lateral Well, priority shall be given first to a Lateral drain hole of the authorized depth, and then to objective formations in  
14 ascending order above the authorized depth, and then to objective formations in descending order below the authorized depth.

15       2. Operator shall have the right to cease drilling a Horizontal Well or Multi-lateral Well at any time, for any reason, and such  
16 Horizontal Well or Multi-lateral Well shall be deemed to have reached its objective depth so long as Operator has drilled such  
17 Horizontal Well or Multi-lateral Well to the objective formation and has drilled laterally in the objective formation for a distance  
18 which is at least equal to fifty percent (50%) of the length of the total horizontal drainhole displacement (displacement from true  
19 vertical) proposed for the operation. In like manner, Operator may continue drilling to extend a proposed lateral in a Horizontal  
20 Well or Multi-lateral Well up to 10% longer than the length proposed in the proposal approved by the Parties if in Operator's sole  
21 judgment, it would be reasonably prudent to do so.

22

23 **F. Sidetracking:**

24       Notwithstanding the provisions of Article VI.B(5), "Sidetracking", such paragraph shall not be applicable to operations in the  
25 lateral portion of a Horizontal Well or Multi-lateral Well. Drilling operations which are intended to recover penetration of the target  
26 interval which are conducted in a Horizontal Well or Multi-lateral Well shall be considered as included in the original proposed  
27 drilling operations.

28

29 **G. Further Assurances:**

30       In connection with this agreement, the parties agree to execute and deliver such additional documents and instruments and to perform  
31 such additional acts as may be necessary or appropriate to effectuate, carry out, and perform all the terms, provisions and conditions of  
32 this agreement. Without limiting the generality of the foregoing, the parties agree to execute and deliver to Operator one or more Recording  
33 Supplement to Operating Agreement and Financing Statement in the form of Exhibit "H" in recordable form, giving notice of the existence  
34 of this Operating Agreement, which Operator shall cause to be recorded in the county or counties in which any portion of the Contract  
35 Area is located.

36

37 **H. Covenants Running with the Land:**

38       The terms, provisions, covenants and conditions of this agreement shall be deemed to be covenants running with the lands, the  
39 lease or leases and leasehold estate covered hereby, and all of the terms, provisions, covenants and conditions of this agreement shall  
40 be binding upon and inure to the benefit of the parties hereto, their respective heirs, executors, administrators, personal  
41 representatives, successors and assigns.

42

43 **I. Headings:**

44       The headings and captions used in this Agreement are inserted for convenience of reference only and shall not be a part of, or  
45 control or affect the meaning of, this Agreement.

46

47 **J. Indemnity for Access to Contract Area:**

48       Each Non-Operator shall indemnify and hold Operator harmless against any and all liability in excess of insurance coverage  
49 carried for the joint account for injury to each such Non-Operator's officers, employees and/or agents resulting from and in any way  
50 relating to such officers', employees', and/or agents' presence on the Contract Area. The Non-Operators indemnity to Operator shall  
51 also apply to any other person whose presence on the Contract Area is at the insistence of such Non-Operator.

52

53 **K. Contract Area and Drilling Unit:**

54       "Contract Area" shall mean a contiguous area in size and configuration as determined by the Operator in order to accommodate  
55 anticipated wells, wellbore paths and wellbore lengths located or to be located within the anticipated Drilling Unit. The Contract  
56 Area shall be, to the extent practicable, the same as the Drilling Unit, and shall include all Oil and Gas Leases and Oil and Gas  
57 Interests within the boundary of the Contract Area, and may include oil and gas leases or oil and gas interests not controlled or owned  
58 by the Parties to this Agreement or other interests which cannot be included in the Drilling Unit at the time the Drilling Unit is formed  
59 or created but are reasonably anticipated to be controlled or acquired by the Parties in the future. The Parties shall make good faith  
60 efforts to include otherwise stranded acreage in a Contract Area where reasonably practical.

61

62 **L. Working Interest Adjustment:**

63       Any recalculation or adjustment of the Parties' Exhibit "A" working interests pursuant to Articles VIII.A, VIII.B, XVI.L or  
64 XVI.M of this Agreement shall be recalculated or adjusted after written notice is provided to the affected party(ies) of such  
65 recalculation or adjustment of working interest. Such recalculation or adjustment shall be made effective as of the date of the lease  
66 surrender, renewal, acquisition and/or Contract Area / Drilling Unit Adjustment; provided, however, any such recalculation or  
67 adjustment to the Parties' working interests prior to the date of the first sale of production from such Drilling Unit shall be made  
68 effective as of the date first costs were incurred on and for such Drilling Unit.

69       This Article XVI.L shall not apply to loss or failure of title pursuant to Article IV.B of this Agreement.

70

71 **M. Contract Area / Drilling Unit Adjustment:**

72       It is recognized by the Parties that it may be prudent and/or necessary to enlarge or reduce the size of an existing Contract Area  
73 / Drilling Unit and/or include within an existing Contract Area / Drilling Unit acreage which was not initially included therein.  
74 Without the consent of the Parties, an existing Contract Area / Drilling Unit may not be enlarged or reduced in size if such change is

1 more than 10% of the existing Contract Area/Drilling Unit size. Such consent shall not be unreasonably withheld, delayed or  
2 conditioned. The party proposing such enlargement or reduction to an existing Contract Area / Drilling Unit shall notify the other  
3 party(ies) in writing, providing an explanation for the Contract Area / Drilling Unit modification proposal. To the extent a Contract  
4 Area / Drilling Unit is modified pursuant to this Agreement, the working interests of the Parties shall be recalculated in the manner  
5 set forth in Article XVI.L and a modified declaration of pooled unit shall be prepared and filed of record.

6 To the extent the Contract Area is modified pursuant to this Agreement, this Agreement shall be amended with revised Exhibits  
7 "A," "A-1," "A-2" and "H," and a new Recording Supplement to Operating Agreement and Financing Agreement shall be prepared  
8 and filed of record.

9 This Article XVI.M shall not apply to the loss or failure of title pursuant to Article IV.B of this Agreement.

10  
11 **N. Disputes Concerning Objective Depths:**

12 If, during the drilling of any well being drilled hereunder, a bona fide dispute shall exist as to whether the proposed depth has  
13 been reached in such well (as for example, whether a well has been drilled to a depth sufficient to test a particular sand or formation  
14 or if the well has reached the stratigraphic equivalent of a particular depth), the opinion of a majority in interest, and not in numbers,  
15 of the parties participating in the drilling of such well shall control and be binding upon all parties. If the parties are equally divided,  
16 the opinion of the Operator will control.

17  
18 **O. Metering of Production:**

19 In the event of transfer, sale, encumbrance or other disposition of interest within the Contract Area which creates the necessity  
20 of separate measurement of production, the party creating the necessity for such measurement shall alone bear the cost of purchase,  
21 installation, operation of such facilities and additional administrative and accounting costs incurred by operator relating to such  
22 transfer, sale, encumbrance or other disposition.

23  
24 **P. Additional Rights:**

25 If any rights in the Contract Area between the parties hereto are acquired by virtue of the drilling, deepening or completion of a  
26 well, a Non-Consenting party in such drilling, deepening, or completing shall not be entitled to any interest in such rights.

27  
28 **Q. Preparation of Exhibit "A":**

29 The interests of the parties as set forth on Exhibit "A" were calculated based on the best information available to the Operator.  
30 If the information is found to have been erroneous, or if a mathematical or typographical error has been made in preparing the  
31 exhibits, the interests may be recalculated to reflect the correct interest.

32  
33 **R. Regulatory Expenses:**

34 Notwithstanding anything to the contrary contained in the Operating Agreement of Accounting Procedure (Exhibit "C") fees for  
35 the legal services, title costs, curative work, costs and expenses in connection with preparations and presentations of evidence and  
36 exhibits at Government Regulatory or forced unitization hearings, preparation and handling of applications to and hearing before a  
37 State, Federal, or Other Regulatory Agencies pertaining to the Contract Area shall not be considered as Administrative Overhead,  
38 but Operator shall be entitled to make a direct charge against the joint account for such expenses.

39  
40 **S. Advance Cost of Operations:**

41 Any party electing to participate in any Proposed Operations pursuant to this Operating Agreement, shall, if invoiced by  
42 Operator, be obligated to advance its proportionate share of the total estimated costs shown on the proposal for such operation.  
43 Operator shall have the right to invoice each Consenting Party for its proportionate share of such costs within thirty (30) days prior  
44 to the anticipated commencement date of such operations or promptly following the commencement of operations after the expiration  
45 of the election period stated in Article VI.B.1. with respect to a completion operation. Thereafter, the provisions of Article VI.B.2.(a)  
46 shall apply with respect to treatment of the proposal and the Non-Consenting Interest. Any Consenting Party electing to carry a  
47 portion of the interest of the Non-Consenting Party shall advance its additional share of costs within thirty (30) days following receipt  
48 of operator's invoice therefore. In the event Operator pre-bills the Non-Operator(s) as provided herein (and such amount is actually  
49 paid by such Non-Operator(s)), but Operator does not actually commence the operation for which the pre-bill was submitted within  
50 sixty (60) days of the stated commencement date, then Operator shall return said pre-bill payment amount to the Non-Operator(s).  
51 Any Consenting Party who fails to pay the full amount of its invoice to Operator within thirty (30) business days following receipt of  
52 such invoice shall be deemed in default. Operator shall provide written notice of default. Non-Operator(s) shall have five (5) business  
53 days from receipt of written notice to make its payment. Failure to make timely payment to cure the default shall deem the non-  
54 paying Consenting Party as Non-Consenting Party with respect to such Operation.

55  
56 **T. Confidentiality:**

57 All data, including but not limited to, geophysical, geological or completion data (other than data routinely publicly disclosed by  
58 other Oil and Gas producers) acquired by Operator or a Non-Operator under this Operating Agreement as a result of joint operations  
59 conducted hereunder shall be kept confidential from parties other than the parties to this Operating Agreement by such Operator or  
60 Non-Operator unless the release of such information to a third party is agreed upon by the parties or is required by law. Any  
61 permitted release of information to a third party must have the prior written consent of all parties hereto and said third party must  
62 agree in writing to be bound by the provisions of this paragraph. Nothing herein shall prohibit any party from disclosing whatever  
63 information in such manner as may be required by statute, rule or regulation, including the rules or regulations of any stock exchange  
64 on which any securities of such party or any affiliates are traded; nor shall any party be prohibited by the terms hereof from disclosing  
65 information acquired under this Agreement to any financial institution or investors providing or proposing financing to the disclosing  
66 party. Notwithstanding anything herein to the contrary, a Non-Consenting Party shall not be entitled to any geophysical, geological,  
67 completion, drilling, cost, production or other data with respect to any operation or well undertaken under this Agreement that such  
68 Non-Consenting Party has not participated in.

69  
70 **U. Terms:**

71 The parties hereto agree that for purposes of this Agreement, any reference to "\_\_\_\_\_" shall mean \_\_\_\_\_ (or any  
72 successor or permitted assign of such party), and any reference to "Eclipse" shall mean Eclipse Resources I, LP (or any successor or  
73 permitted assign of each such party).

1   **V. Revenue Distribution:**

2   Subject to the Operator's rights to withhold disbursements of royalties, overriding royalties and other payments contained in the  
3   provisions of this agreement and applicable law, rule or regulations. Except as otherwise agreed to, Operator will make  
4   disbursements of all royalties, overriding royalties and other payments out of, with respect, to production which are attributable to  
5   Non-Operator's contributed Oil and Gas Leases or Oil and Gas Interests in the Contract Area at Non-Operator's direction provided  
6   Non-Operator shall execute such documents as may be necessary in the opinion of Operator to enable Operator to receive all payments  
7   for oil, gas or other hydrocarbons directly from the said purchases. In the event, Operator will use its reasonable business efforts to  
8   make disbursements correctly, but shall not be liable for incorrect disbursements except in the event of its gross negligence or willful  
9   misconduct.

10   **W. Operator as Disbursing Party for Non-Operators:**

11   1. If a party to this Agreement other than Operator elects not to take in kind its share of production from the Contract Area,  
12   and Operator either purchases such production or sells it to others for the account of the non-taking party pursuant to  
13   Article VI.G., then Operator shall unilaterally act on behalf of such non-taking party for the purposes of: (a) marketing  
14   such non-taking party's share of production produced from the Contract Area; and (b) receiving and disbursing or causing  
15   to be disbursed the proceeds received by Operator from the sale of such non-taking party's share of such proceeds;  
16   provided, however, that such sale or marketing shall be subject to the terms and conditions of this Section XVI.I.

17   2. Prior to Operator purchasing such production or Operator entering into a commitment to deliver such Non-Operator's  
18   production to a third party, Operator shall provide to such Non-Operator a report itemizing the terms and conditions,  
19   including the price therefor, of the gathering, transportation, treatment, processing, and other similar arrangements on  
20   which such Non-Operator's production shall be handled.

21   3. Operator shall make or cause to be made a disbursement of such Non-Operator's proceeds within 60 days after the end of  
22   the month in which Operator receives such proceeds, and should Operator fail to do so due to Operator's own gross  
23   negligence, all late payments due to Non-Operator shall bear interest from the due date until paid at a per annum rate  
24   equal to the lesser of (i) the prime rate in effect at JP Morgan Chase on the first day of the month in which the delinquency  
25   occurs, plus 300 basis points or (ii) the highest non-usurious rate permitted by applicable law. All costs incurred by or at  
26   the direction of Operator in making such disbursements (excluding interest on late payments but including, without  
27   limitation, all costs incurred by or at the direction of Operator in the preparation and circulation of division orders), but  
28   expressly not including those costs identified in the Accounting Procedure (Exhibit "C" to the Operating Agreement) as  
29   being covered by fixed rate overhead, shall be charged by Operator to the joint account of the parties in accordance with  
30   their fractional interests in the Contract Area.

31   4. Any non-taking party may provide to Operator and the relevant purchaser or purchasers of production the written notices  
32   provided for in Article VI.G., and thereby exercise the non-taking party's right to take in kind and/or, if acceptable to the  
33   purchaser or purchasers of production, receive payment directly from the purchaser(s) thereof for its share of all  
34   production.

35   5. Operator shall at all times (other than during any period when such Non-Operator has elected to take in kind) unilaterally  
36   market and contract for each Non-Operator's production in a non-discriminatory fashion as to each Non-Operator's  
37   production.

38   **X. Dispute Costs and Expenses:**

39   Costs and expenses attributable to the settlement of disputes, claims or litigation, other than the collection of debts by Operator  
40   from Non-Operator, arising out of and between any of the parties to this Agreement, shall be borne solely by such parties and not by  
41   the joint account.

42   **Y. Third Party Beneficiaries:**

43   Neither this Agreement, nor any performance hereunder by the parties hereto, shall be deemed or interpreted to create any right,  
44   claim, cause of action, or remedy on behalf of any person not a party hereto.

45   **Z. Bankruptcy:**

46   If, following the granting of relief under the U.S. Bankruptcy Code to any party hereto as debtor thereunder, this Operating  
47   Agreement should be held to be an executory contract within the meaning of 11 U.S.C. Section 365, then the Operator, or (if the  
48   Operator is the debtor in bankruptcy) any other party, shall be entitled to a determination by debtor or any trustee for debtor within  
49   thirty (30) days from the date an order for relief is entered under the Bankruptcy Code as to the rejection or assumption of this  
50   Operating Agreement. In the event of an assumption, Operator or said other party shall be entitled to adequate assurances as to  
51   future performance of debtor's obligations hereunder and the protection of the interests of all other parties.

52   **AA. Counterpart Execution:**

53   This Operating Agreement may be executed in counterpart, each of which is so executed shall be given the effect of execution of  
54   the original agreement. If this Operating Agreement is executed in counterpart, the signature pages to the various counterparts may  
55   be combined by Operator in one or more copies of this Operating Agreement and treated and given effect for all purposes.

56   **BB. Successor Operator:**

57   In the event of removal of Operator hereunder, the elected Successor Operator is hereby authorized to sign any necessary change  
58   of Operator forms on behalf of the former Operator.

59   **CC. Limitation on Damages:**

60   WITH RESPECT TO ANY DISPUTE, CLAIM, COUNTERCLAIM, CONTROVERSY OR OTHER MATTERS (THE  
61   "CLAIMS") ARISING BETWEEN THE PARTIES OUT OF OR RELATING TO THIS OPERATING AGREEMENT OR THE  
62   SUBJECT MATTER HEREOF, OR ANY ALLEGED BREACH THEREOF, OR THE RELATIONSHIP BETWEEN THE  
63   PARTIES CREATED BY THIS OPERATING AGREEMENT, EVEN THOUGH SOME OR ALL OF SUCH CLAIMS MAY BE  
64   EXTRA-CONTRACTUAL IN NATURE, AND WHETHER SOUNDING IN TORT, CONTRACT, WARRANTY OR

1 OTHERWISE, INCLUDING ALLEGATIONS OF FRAUD IN THE INDUCEMENT, DUTY TO DEAL IN GOOD FAITH OR  
2 CONFIDENTIAL RELATIONSHIP, NO PARTY SHALL EVER BE LIABLE FOR EXEMPLARY, PUNITIVE,  
3 CONSEQUENTIAL, SPECIAL, INCIDENTAL, INDIRECT OR OTHER SIMILAR DAMAGES, INCLUDING LOST PROFITS,  
4 BUSINESS INTERRUPTION OR LOSS OF OPPORTUNITY, WHETHER SUCH DAMAGES ARE CLAIMED UNDER BREACH  
5 OF CONTRACT, BREACH OF WARRANTY, TORT OR ANY OTHER THEORY OR CAUSE OF ACTION AT LAW OR IN  
6 EQUITY. THE LIMITATIONS IN THIS PARAGRAPH ARE PART OF THE MATERIAL, BARGAINED-FOR  
7 CONSIDERATION FOR ENTERING THIS OPERATING AGREEMENT.  
8

9 **DD. Liens and Security Rights:**

10 1. **Security Rights.** In addition to any other security rights and remedies provided by law with respect to services rendered or  
11 materials and equipment furnished under this Operating Agreement for valuable consideration, the receipt and sufficiency of  
12 which are hereby acknowledged, and in consideration of the covenants and mutual undertakings of the parties, herein, the parties  
13 shall have the following security rights:

14 (i) **Lien in Favor of Operator.** To secure payment of the Non-Operators Indebtedness (as defined below) and the  
15 performance of the covenants and obligations of Non-Operators under this Operating Agreement, Non-Operators do by these  
16 presents hereby GRANT, BARGAIN, SELL, MORTGAGE, ASSIGN, TRANSFER, PLEDGE, HYPOTHECATE AND CONVEY to  
17 Operator all of the right, title and interest of Non-Operators in and to the real and personal property, rights, titles, interests and  
18 estates making up the Mortgaged Property (defined below).

20 For purposes of this Section, “Mortgaged Property” shall consist of the following: (1) the Oil and Gas Leases, Oil and Gas Interests  
21 and other interests comprising the Contract Area, including any operating rights, working interests, royalty interests, overriding  
22 royalty interests, non-participating royalty interests, production payments, net profits interests, or any other interest measured by or  
23 payable out of production of hydrocarbons, and all renewals and extensions thereof related thereto (“Oil and Gas Properties”), (2)  
24 the Oil and Gas in, on, under, and that may be produced from the Oil and Gas Properties, including, without limitation, Oil and Gas  
25 produced with respect to all contractual rights, operating rights, leasehold interests, working interests, royalty interests, overriding  
26 royalty interests, non-participating royalty interests, mineral interests, production payments, net profits interests, or any other  
27 interest measured by or payable out of production of hydrocarbons (as such interests may be enlarged by the discharge of any  
28 payments out of production or by the removal of any charges or encumbrances related thereto) and all other as-extracted collateral,  
29 (3) all wells (oil, gas, oil/gas, injection, water or disposal), equipment, machinery and appurtenances, including fixtures, whether  
30 corporeal or incorporeal located upon or pooled with and primarily used in connection with such Oil and Gas Properties, (4) all  
31 easements, rights of way and other real property interests located upon and primarily used in connection with the Oil and Gas  
32 Properties, (5) all permits, licenses, and servitudes to the extent primarily used in connection with the Oil and Gas Properties and (6)  
33 all geological, geophysical, engineering, accounting, title, legal and other technical and business data primarily relating to the other  
34 Mortgaged Property (but only to the extent that they are related to any or all of the other Mortgaged Property).

35 This lien is given to secure the complete and timely performance of and payment by Non-Operators of all Non-Operators  
36 Indebtedness (defined below) of every kind or nature, whether now owed by Non-Operators or hereafter arising, pursuant to this  
37 Operating Agreement. As used herein, the term “Non-Operators Indebtedness” shall mean (x) all costs and other expenses properly  
38 chargeable to Non-Operators under this Operating Agreement, together with (y) all reasonable attorneys’ fees and other reasonable  
39 costs sustained in the collection of amounts owed by Non-Operators and (z) interest at the rate of six percent (6%) per annum accrued  
40 on the amounts set forth in clauses (x) and (y) if not paid when due and shall begin to accrue interest upon the first day after any  
41 amount is not paid when due and shall continue to accrue until such amount is paid in full. Upon an Event of Default (defined below),  
42 Operator shall have the additional right to notify the purchaser or purchasers of Non-Operators’ Oil and Gas production related to  
43 the Mortgaged Property and collect such Non-Operators Indebtedness out of the proceeds from the sale of Non-Operators’ share of  
44 Oil and Gas production until the amount owed has been paid. Operator shall have the right to offset the Non-Operators Indebtedness  
45 against the proceeds from the sale of Non-Operators’ share of Oil and Gas production related to the Mortgaged Property. Any  
46 purchaser of such production shall be entitled to rely on Operator’s statement concerning the amount of Non-Operators Indebtedness  
47 owed by Non-Operators and payment made to Operator by any purchaser shall be binding and conclusive as between such purchaser  
48 and Non-Operators. Notwithstanding anything to the contrary herein, the parties shall cooperate to ensure that royalties owed to  
49 third parties are timely paid.

51 (ii) **Security Interest in Favor of Operator.** To further secure the complete and timely performance of and payment  
52 by Non-Operators of the Non-Operators Indebtedness now existing or hereafter arising, Non-Operators hereby grants to Operator a  
53 lien and continuing security interest in and to all of its right, title, interest, in and to the Collateral (defined below).

54 For purposes of this Section, “Collateral” shall mean, collectively: (A) all equipment, accounts, contract rights, general  
55 intangibles, chattel paper, commercial tort claims, documents, instruments, goods, inventory, insurance contracts, insurance  
56 proceeds, inventory, hydrocarbons, as-extracted collateral, operating rights, working interests, royalty interests, overriding royalty  
57 interests, non-participating royalty interests, production payments, net profits interests, or any other interest measured by or payable  
58 out of production of hydrocarbons (as such interests may be enlarged by the discharge of any payments out of production or by the  
59 removal of any charges or encumbrances) and fixtures (to the extent any of the preceding terms are defined in the Uniform  
60 Commercial Code presently in effect in the jurisdiction in which such property is situated (“Applicable UCC”) such term shall have  
61 the meaning provided for such term in the Applicable UCC) of any kind and character to the extent such items primarily relate to  
62 the Mortgaged Properties or are primarily attributable to the Mortgaged Properties, or primarily used in connection with the  
63 ownership, use or exploitation of the Mortgaged Properties and (B) all the proceeds and products of the items described in preceding  
64 clause (A), and all substitutions therefor, replacements thereof, or accessions thereto, all of which, whether now owned or hereafter  
65 acquired, whether now or hereafter acquired by operation of law or otherwise.

67 (iii) **Lien in Favor of Non-Operators.** To secure payment of the Operator Indebtedness (defined below) and the  
68 performance of the covenants and obligations of Operator under this Operating Agreement, Operator does by these presents hereby  
69 GRANT, BARGAIN, SELL, MORTGAGE, ASSIGN, TRANSFER, PLEDGE, HYPOTHECATE AND CONVEY to Non-Operators  
70 all of Operator’s right, title and interest in and to the real and personal property, rights, titles, interests and estates making up the  
71 Mortgaged Property.

73 This lien is given to secure the complete and timely performance of and payment by Operator of all Operator Indebtedness  
74 (defined below) of every kind or nature, whether now owed by Operator or hereafter arising, pursuant to this Operating Agreement.

1 As used herein, the term "Operator Indebtedness" shall mean (x) all costs and other expenses properly chargeable to Operator under  
 2 this Operating Agreement, together with (y) all reasonable attorneys' fees and other reasonable costs sustained in the collection of  
 3 amounts owed by Operator, and (z) interest at the rate of six percent (6%) per annum accrued on the amounts set forth in clauses (x)  
 4 and (y) if not paid when due and shall begin to accrue interest upon the first day after any amount is not paid when due and shall  
 5 continue to accrue until such amount is paid in full. Upon an Event of Default, Non-Operators shall have the additional right to notify  
 6 the purchaser or purchasers of Operator's Oil and Gas production related to the Mortgaged Property and collect such Operator  
 7 Indebtedness out of the proceeds from the sale of Operator's share of Oil and Gas production until the amount owed has been paid.  
 8 Any purchaser of such production shall be entitled to rely on Non- Operators' statement concerning the amount of Operator  
 9 Indebtedness owed by Operator and payment made to Non- Operators by any purchaser shall be binding and conclusive as between  
 10 such purchaser and Operator. Notwithstanding anything to the contrary herein, the parties shall cooperate to ensure that royalties  
 11 owed to third parties are timely paid.

12 (iv) **Security Interest in Favor of Non-Operators.** To further secure the complete and timely performance of and  
 13 payment by Operator of the Operator Indebtedness now existing or hereafter arising, pursuant to this Operating Agreement,  
 14 Operator hereby grants to Non- Operators a lien and continuing security interest in and to all of its right, title, interest, in and to the  
 15 Collateral.

16 (v) **Priority; Successors.** Each party represents and warrants to the other parties that the liens and security interests  
 17 granted by such party to the other parties under this Article shall be a first and prior lien and security interest. Each party hereby  
 18 agrees to maintain the priority of such lien and security interest so long as this Operating Agreement remains in effect with respect  
 19 to such Mortgaged Properties or Collateral. Any third party acquiring an interest in the Mortgaged Property or Collateral from any  
 20 party, whether by assignment, merger, mortgage, operation of law, or otherwise, shall be deemed to have taken subject to the liens  
 21 and security interests granted by such party hereunder as to all obligations attributable to such interest hereunder whether or not  
 22 such obligations arise before or after such interest is acquired.

23 (vi) **Waiver.** If an Event of Default (defined below) occurs, and such Event of Default subjects such party (the  
 24 "Defaulting Party") to foreclosure or execution proceedings pursuant to the provisions of this Operating Agreement, to the extent  
 25 allowed by the applicable law where the Collateral or Mortgaged Property is located, such Defaulting Party waives any available  
 26 right of redemption from and after the date of judgment, any required valuation or appraisement of the property covered by the lien  
 27 and security interest created hereunder prior to sale, any available right to stay execution or to require a marshalling of assets, and  
 28 any required bond in the event a receiver is appointed.

29 (vii) **Other Lien Rights.** Each party agrees that the other parties shall be entitled to utilize the provisions of oil and  
 30 gas lien law or other lien law of any state in which the Mortgaged Property is located, or that is otherwise applicable, to enforce the  
 31 rights and remedies of each party hereunder. Without limiting the generality of the foregoing, to the extent permitted by applicable  
 32 law, each of the parties agrees that the Operator may invoke or utilize the mechanics' or materialmen's lien law of any state where  
 33 the Mortgaged Property is located, or that is otherwise applicable, in order to secure the payment to the Operator of any sum due  
 34 hereunder for services performed or materials supplied by the Operator.

35 (viii) **Foreclosure and Sale.** If an Event of Default shall occur and be continuing, to the extent provided by applicable  
 36 law, the parties other than the Defaulting Party (the "Non-Defaulting Parties") shall have the right and option to proceed with  
 37 foreclosure with respect to the Mortgaged Property by proceeding, in each case, with foreclosure and to sell all or any portion of the  
 38 Mortgaged Property at one or more sales, as an entirety or in parcels, at such place or places in otherwise such manner and upon  
 39 such notice as may be required by any applicable law, or, in the absence of any such requirement, as Non-Defaulting Parties may  
 40 reasonably deem appropriate, and to make conveyance to the purchaser or purchasers. Where the Mortgaged Property is situated  
 41 in more than one jurisdiction, notice as above provided shall be posted and filed in all such jurisdictions (if such notices are required  
 42 by applicable law), and all such Mortgaged Property may be sold in any such jurisdiction and any such notice shall designate the  
 43 jurisdiction where such Mortgaged Property is to be sold. Nothing contained in this Article shall be construed so as to limit in any  
 44 way any rights to sell the Mortgaged Property or any portion thereof by private sale if and to the extent that such private sale is  
 45 permitted under any applicable laws of the applicable jurisdiction or by public or private sale after entry of a judgment by any court  
 46 of competent jurisdiction so ordering. Defaulting Party hereby irrevocably appoints the Non-Defaulting Parties, with full power of  
 47 substitution, to each be Defaulting Party's attorney-in-fact and to act in the name and on behalf of Defaulting Party, at any time after  
 48 the occurrence and during the continuance of an Event of Default, to execute and deliver any deeds, transfers, conveyances,  
 49 assignments, assurances and notices which Defaulting Party ought to execute and deliver and do and perform any and all such acts  
 50 and things which Defaulting Party ought to do and perform under the covenants herein contained and generally, to use the name of  
 51 Defaulting Party in the exercise of all or any of the powers hereby conferred on the Non-Defaulting Parties.

52 (ix) **Other Rights.** If an Event of Default shall occur and be continuing, then (i) Non-Defaulting Parties shall be  
 53 entitled to all of the rights, powers and remedies afforded a secured party by the Applicable UCC with reference to the Collateral  
 54 and (ii) the Non-Defaulting Parties may proceed as to any Collateral in accordance with the rights and remedies granted under this  
 55 Operating Agreement or applicable law in respect of the Collateral. Such rights, powers and remedies shall be cumulative and in  
 56 addition to those granted to the Non-Defaulting Parties under any other provision of this Operating Agreement. Written notice  
 57 mailed to Defaulting Party as provided herein at least ten (10) days prior to the date of public sale of any part of the Collateral which  
 58 is personal property subject to the provisions of the Applicable UCC, or prior to the date after which private sale of any such part of  
 59 the Collateral will be made, shall constitute reasonable notice.

60 (x) **Judicial Actions.** If any of the Non-Operators Indebtedness or Operator Indebtedness, as applicable, shall  
 61 become due and payable and shall not be promptly paid, the Non-Defaulting Parties shall have the right and power to proceed by a  
 62 suit or suits in equity or at law, whether for the specific performance of any covenant or agreement contained herein or in aid of the  
 63 execution of any power granted herein, or for any foreclosure hereunder or for the sale of the Collateral under the judgment or decree  
 64 of any court or courts of competent jurisdiction, or for the appointment of a receiver pending any foreclosure hereunder or the sale  
 65 of the Collateral under the order of a court or courts of competent jurisdiction or under executory or other legal process, or for the  
 66 enforcement of any other appropriate legal or equitable remedy.

67 (xi) **Bar.** It is agreed that any sale pursuant to this Article shall be a perpetual bar against Defaulting Party and its  
 68 successors, assigns, legal representatives, and all other persons claiming under the foregoing persons. It is further agreed that any  
 69 holder or holders of the obligations of Defaulting Party under this Operating Agreement or any Non-Defaulting Party shall have the  
 70 right to become the purchaser or purchasers at any sale of the Mortgaged Properties or Collateral pursuant to this Article if such  
 71 Party is the highest bidder or bidders, in which event the bid or bids may be credited upon the Non-Operator Indebtedness or  
 72 Operator Indebtedness, as applicable.



1 WHICH MAY BE OUTSTANDING AT ANY TIME UNDER THIS MORTGAGE, EXCLUSIVE OF INTEREST THEREON, IS  
2 \$500,000,000. THIS OPEN END MORTGAGE ALSO SECURES OTHER AMOUNTS PROVIDED FOR HEREIN AND AT LAW.  
3 IN ADDITION TO ANY OTHER DEBT OR OBLIGATION, THIS INSTRUMENT SHALL SECURE UNPAID BALANCES OF  
4 ADVANCES MADE, PLUS ACCRUED INTEREST ON (IF ANY), WITH RESPECT TO THE MORTGAGED PREMISES, FOR  
5 THE PAYMENT OF TAXES, ASSESSMENTS, INSURANCE PREMIUMS, OR COSTS INCURRED FOR THE PROTECTION  
6 OF THE MORTGAGED PREMISES, IT BEING INTENDED TO ACKNOWLEDGE, AFFIRM AND COMPLY WITH THE  
7 PROVISIONS OF OHIO REVISED CODE SECTION 5301.233.

9    7. **Release of the Mortgaged Property and Collateral.** Upon the termination of this Operating Agreement pursuant to Article XIII,  
10 the parties shall promptly execute and deliver to the other party all releases, re-conveyances or other documents reasonably necessary  
11 or desirable for the release of the liens created hereby on such portion of the Mortgaged Property.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

1 IN WITNESS WHEREOF, this agreement shall be effective as of the \_\_\_\_\_ day of \_\_\_\_\_,

2 20

3 **Eclipse Resources I, LP**, who has prepared and circulated this form for execution, represents and warrants  
4 that the form was printed from and, with the exception(s) listed below, is identical to the AAPL Form 610-1989 Model Form  
5 Operating Agreement, as published in computerized form by Forms On-A-Disk, Inc. No changes, alterations, or  
6 modifications, other than those made by strikethrough and/or insertion and that are clearly recognizable as changes. ~~in~~  
7 ~~Articles~~ ~~have been made to the form~~. Notwithstanding the foregoing statement, the undersigned acknowledge that they  
8 have reviewed the agreement in its entirety and agree to be bound by all the terms and conditions contained herein.

9

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12 **OPERATOR**

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14 **ATTEST OR WITNESS**

15

16 **Eclipse Resources I, LP**  
17 A Delaware limited partnership

18

19 \_\_\_\_\_ By: Marty L. Byrd

20

21

22 Title: Vice President, Land  
23 Address: 2121 Old Gatesburg, Suite 110, State College, PA 16803

24

25

26 **NON-OPERATORS**

27

28 **ATTEST OR WITNESS**

29

30 **Eclipse Resources – Ohio, LLC**  
31 A Delaware limited liability company

32

33 \_\_\_\_\_ By: Marty L. Byrd

34

35

36 Title: Vice President, Land  
37 Address: 2121 Old Gatesburg, Suite 110, State College, PA 16803

38

39 **ATTEST OR WITNESS**

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41

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43 \_\_\_\_\_ By: \_\_\_\_\_

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46 \_\_\_\_\_ Title: \_\_\_\_\_  
47 Address: \_\_\_\_\_

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### **ACKNOWLEDGMENT**

COMMONWEALTH OF PENNSYLVANIA )  
   ) §  
COUNTY OF CENTRE               )

On this, the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me \_\_\_\_\_, the undersigned officer, personally appeared Marty L. Byrd, who acknowledged himself to be the Vice President, Land of Eclipse Resources I, LP a Delaware limited partnership, and that he as such Vice President, Land, being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of the limited liability company by himself as Vice President, Land.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires: \_\_\_\_\_  
Signature/Notary Public: \_\_\_\_\_  
Name/Notary Public (print): \_\_\_\_\_

COMMONWEALTH OF PENNSYLVANIA )  
   ) §  
COUNTY OF CENTRE               )

On this, the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me \_\_\_\_\_, the undersigned officer, personally appeared Marty L. Byrd, who acknowledged himself to be the Vice President, Land of Eclipse Resources – Ohio, LLC a Delaware limited liability company, and that he as such Vice President, Land, being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of the limited liability company by himself as Vice President, Land.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires: \_\_\_\_\_  
Signature/Notary Public: \_\_\_\_\_  
Name/Notary Public (print): \_\_\_\_\_

STATE OF TEXAS               )  
   ) §  
COUNTY OF \_\_\_\_\_ )

On this, the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me \_\_\_\_\_, the undersigned officer, personally appeared \_\_\_\_\_, who acknowledged himself to be the \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_ Corporation, and that he as such \_\_\_\_\_, being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of the corporation by himself as \_\_\_\_\_.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires: \_\_\_\_\_  
Signature/Notary Public: \_\_\_\_\_  
Name/Notary Public (print): \_\_\_\_\_

This document prepared by:  
Eclipse Resources I, LP  
2121 Old Gatesburg Road, St. 110  
State College, PA 16803

## EXHIBIT "A"

### 1. Description of lands subject to this Agreement:

Those certain leases and/or interests located within the contract area as further described on Exhibit "A-2" (lease listing) and as shown on the plat of the proposed Rufener B Unit depicted on the attached Exhibit "A-1" hereof

### 2. Restrictions, if any, as to depths, formations or substances:

Limited to the 50 feet above the top of the Utica Shale formation to 50 feet below the top of the Trenton formation.

### 3. Working Interest Owners addresses for notice purposes:

Eclipse Resources I, LP  
122 West John Carpenter Freeway, Suite 300  
Irving, TX 75039  
Attention: Taylor Airey

Equinor USA Onshore Properties, Inc.,  
6300 Bride Point Parkway, Building 2, Suite 100  
Austin, TX 78730  
Attention: Ryan Horn

CGO, Inc.,  
Ohio Valley Mall Unit 110  
St. Clairsville, OH 43950  
Attention: Dr. Crum

### 4. Interest of parties to this agreement:

Party	Unit Interest Percentage	Unit Acreage
Eclipse Resources I, LP	80.38816%	389.568
Equinor USA Onshore Properties, Inc.	6.24111%	30.245
CGO, Inc.	4.26942%	20.69
Unleased Interests	9.10131%	44.106
Total	100.00%	484.609

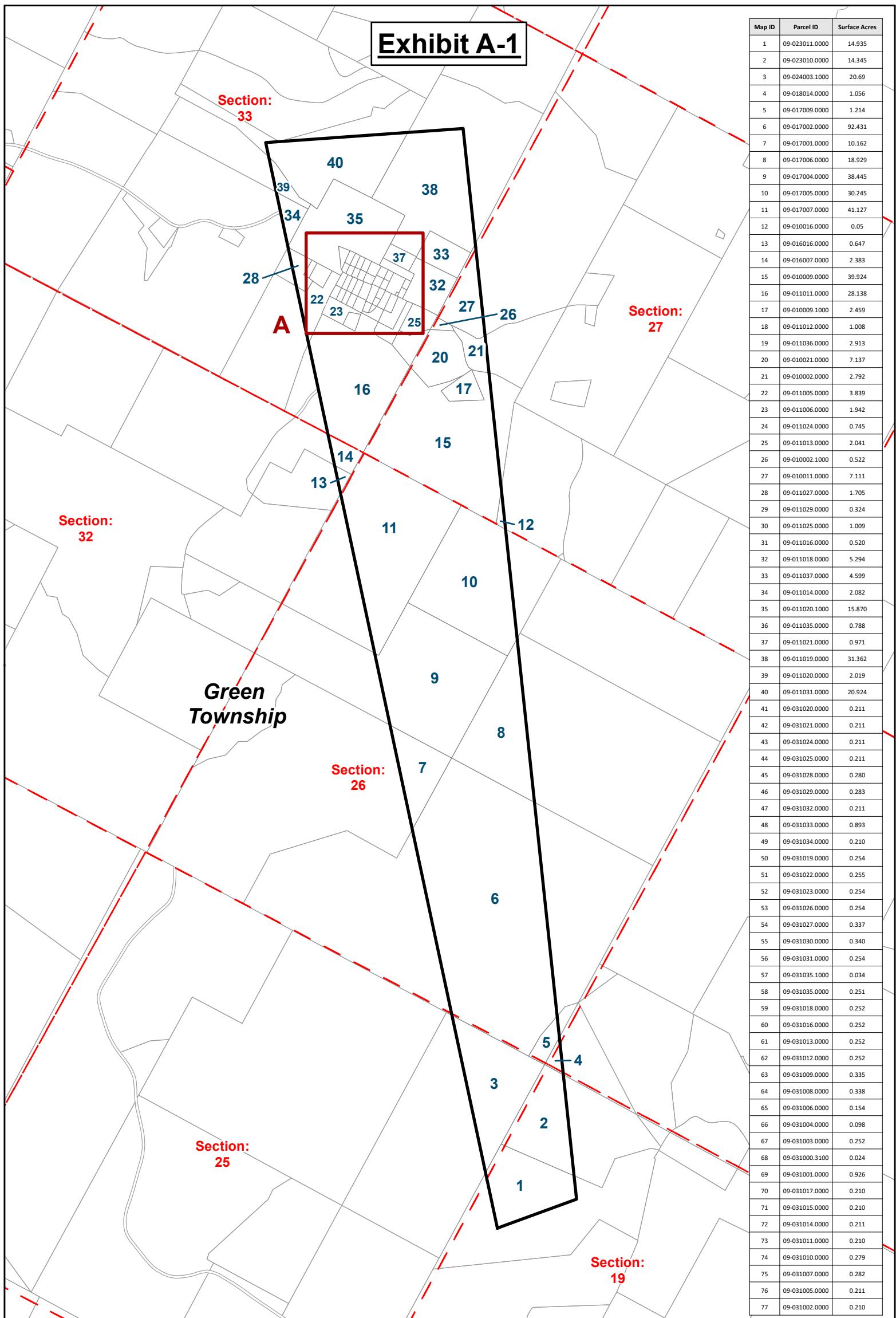
### 5. Oil and Gas Leases and/or Oil and Gas Interests subject to this agreement:

The oil and gas leases or oil and gas interests, or portions thereof, included in Contract Area and described on Exhibit A-2 attached hereto.

\*It is understood by the Parties that the working interests listed above are estimates and are subject to change based upon the verification of title, additional leasehold acquired within the Contract Area, and/or the participation or non-participation of unleased mineral interests and/or third parties. The Parties' interests shall be adjusted to reflect the actual interest owned by the Parties in the Contract Area.

End of Exhibit "A"

# Exhibit A-1



Unit Boundary



Tax Parcels



Sections



Townships



0 520 1,040 1,560 2,080 2,600 Feet



**ECLIPSE  
RESOURCES**

**Rufener B Unit**

Total Unit Size: 484.609 Acres

Green Township, Monroe County

Date: 10/21/2020

## Exhibit A-1.1

Map ID	Parcel ID	Surface Acres
1	09-023011.0000	14.935
2	09-023010.0000	14.345
3	09-024003.1000	20.69
4	09-018014.0000	1.056
5	09-017009.0000	1.214
6	09-017002.0000	92.431
7	09-017001.0000	10.162
8	09-017006.0000	18.929
9	09-017004.0000	38.445
10	09-017005.0000	30.245
11	09-017007.0000	41.127
12	09-010016.0000	0.05
13	09-016016.0000	0.647
14	09-016007.0000	2.383
15	09-010009.0000	39.924
16	09-011011.0000	28.138
17	09-010009.1000	2.459
18	09-011012.0000	1.008
19	09-011036.0000	2.913
20	09-010021.0000	7.137
21	09-010002.0000	2.792
22	09-011005.0000	3.839
23	09-011006.0000	1.942
24	09-011024.0000	0.745
25	09-011013.0000	2.041
26	09-010002.1000	0.522
27	09-010011.0000	7.111
28	09-011027.0000	1.705
29	09-011029.0000	0.324
30	09-011025.0000	1.009
31	09-011016.0000	0.520
32	09-011018.0000	5.294
33	09-011037.0000	4.599
34	09-011014.0000	2.082
35	09-011020.1000	15.870
36	09-011035.0000	0.788
37	09-011021.0000	0.971
38	09-011019.0000	31.362
39	09-011020.0000	2.019
40	09-011031.0000	20.924
41	09-031020.0000	0.211
42	09-031021.0000	0.211
43	09-031024.0000	0.211
44	09-031025.0000	0.211
45	09-031028.0000	0.280
46	09-031029.0000	0.283
47	09-031032.0000	0.211
48	09-031033.0000	0.893
49	09-031034.0000	0.210
50	09-031019.0000	0.254
51	09-031022.0000	0.255
52	09-031023.0000	0.254
53	09-031026.0000	0.254
54	09-031027.0000	0.337
55	09-031030.0000	0.340
56	09-031031.0000	0.254
57	09-031035.1000	0.034
58	09-031035.0000	0.251
59	09-031018.0000	0.252
60	09-031016.0000	0.252
61	09-031013.0000	0.252
62	09-031012.0000	0.252
63	09-031009.0000	0.335
64	09-031008.0000	0.338
65	09-031006.0000	0.154
66	09-031004.0000	0.098
67	09-031003.0000	0.252
68	09-031000.3100	0.024
69	09-031001.0000	0.926
70	09-031017.0000	0.210
71	09-031015.0000	0.210
72	09-031014.0000	0.211
73	09-031011.0000	0.210
74	09-031010.0000	0.279
75	09-031007.0000	0.282
76	09-031005.0000	0.211

A

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## Section: 33

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A map of the 76 numbered blocks in the 7th Ward of New Orleans. The blocks are outlined in black and labeled with their respective numbers in blue. The numbers are arranged in a roughly triangular pattern, with 31 at the top left, 37 at the top right, and 76 at the bottom center. The blocks are numbered sequentially from 31 to 76, with some gaps in the sequence.

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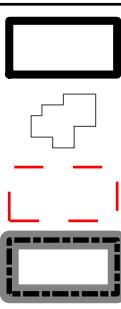
# *Green Township*

# Rufener B

18

1

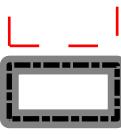
16



## Unit Boundary



## Tax Parcels



## Townships





# **ECLIPSE RESOURCES**

## Rufener B Unit

**Total Unit Size: 484.609 Acre**

*Township, Monroe Co.*



Exhibit A-2 All Mineral Owners in the proposed Rufener B Unit.																			
Tract Number	Mineral Owner	Leased Yes or No	Surface Acres in Unit	Decimal Interest in Tract	Net Acres in Unit	Tract Participation in Unit	Tax Map Parcel ID	Township	County	Committed Working Interest Percentage	Applicant Working Interest Percentage	Equinor Working Interest Percentage	CGO Working Interest Percentage	Address	City	State	Zip	Updates	
1	Homer Daniel Rufener and Nancy K. Rufener	Yes	14.935	0.7500000	11.201	0.0231140	09-023011.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	46520 John Lengacher Rd	Sardis	OH	43946		
	Gary Williamson	Yes		0.1250000	1.867	0.0038523	09-023011.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	30991 Township Road 843	Lower Salem	OH	45745		
	Rita Young	Yes		0.0156250	0.233	0.0004815	09-023011.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	1855 Honeychuck Lane	Kent	OH	44240		
	Chris L. Starr	Yes		0.0156250	0.233	0.0004815	09-023011.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	1255 Colony Road	Salineville	OH	43945		
	Leo D. Starr	Yes		0.0156250	0.233	0.0004815	09-023011.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	558 Colony Park Drive Apt. 202	Tallmadge	OH	44278		
	Lois Starr	Yes		0.0156250	0.233	0.0004815	09-023011.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	33250 De Voe Road	Lewisville	OH	43754		
	Pamela Wagner	Yes		0.0026042	0.039	0.0000803	09-023011.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	1960 Justin Way, Apt. 3	Aberdeen	OH	45101		
	Lance George Glaze	Yes		0.0026042	0.039	0.0000803	09-023011.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	8657 Eldora Drive	Cincinnati	OH	45236		
	Judith Cosentino	Yes		0.0026042	0.039	0.0000803	09-023011.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	4738 N. Fisk Avenue	Kansas City	MO	64151		
	Rebecca Vezina	Yes		0.0026042	0.039	0.0000803	09-023011.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	120 E Pike Street	Fayetteville	OH	45118		
	Unknown heirs and assigns of Williams Stevens	No		0.0052083	0.078	0.0001605	09-023011.0000	Green	Monroe	0.0000000	0.0000000	0.0000000	0.0000000	Unknown	Unknown	Unknown			
	Unknown heirs and assigns of Colin Stevens	No		0.0052083	0.078	0.0001605	09-023011.0000	Green	Monroe	0.0000000	0.0000000	0.0000000	0.0000000	Unknown	Unknown	Unknown			
	Unknown heirs and assigns of Jennifer Stevens	No		0.0052083	0.078	0.0001605	09-023011.0000	Green	Monroe	0.0000000	0.0000000	0.0000000	0.0000000	Unknown	Unknown	Unknown			
	Unknown heirs and assigns of Margaret Smith	No		0.0052083	0.078	0.0001605	09-023011.0000	Green	Monroe	0.0000000	0.0000000	0.0000000	0.0000000	Unknown	Unknown	Unknown			
	Charles W. Haney	No		0.0312500	0.467	0.0009631	09-023011.0000	Green	Monroe	0.0000000	0.0000000	0.0000000	0.0000000	421 Seminole Drive	Blacksburg	VA	24060-7874		
2	Jeffrey Morrow	Yes		0.3750000	5.379	0.0111004	09-023010.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	40379 State Route 7	Clarington	OH	43915		
	Rebecca L. Rufener Morrow	Yes		0.3750000	5.379	0.0111004	09-023010.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	3347 Dublin Rd.	N. Charleston	NC	29420		
	Gary Williamson	Yes		0.1250000	1.793	0.0037001	09-023010.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	30991 Township Road 843	Lower Salem	OH	45745		
	Rita Young	Yes		0.0156250	0.224	0.0004625	09-023010.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	1855 Honeychuck Lane	Kent	OH	44240		
	Chris L. Starr	Yes		0.0156250	0.224	0.0004625	09-023010.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	1255 Colony Road	Salineville	OH	43945		
	Leo D. Starr	Yes		0.0156250	0.224	0.0004625	09-023010.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	558 Colony Park Drive Apt. 202	Tallmadge	OH	44278		
	Lois Starr	Yes		0.0156250	0.224	0.0004625	09-023010.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	33250 De Voe Road	Lewisville	OH	43754		
	Pamela Wagner	Yes		0.0026042	0.037	0.0000771	09-023010.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	1960 Justin Way, Apt. 3	Aberdeen	OH	45101		
	Lance George Glaze	Yes		0.0026042	0.037	0.0000771	09-023010.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	8657 Eldora Drive	Cincinnati	OH	45236		
	Judith Cosentino	Yes		0.0026042	0.037	0.0000771	09-023010.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	4738 N. Fisk Avenue	Kansas City	MO	64151		
	Rebecca Vezina	Yes		0.0026042	0.037	0.0000771	09-023010.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	120 E Pike Street	Fayetteville	OH	45118		
	Unknown heirs and assigns of Williams Stevens	No		0.0052083	0.078	0.0001605	09-023010.0000	Green	Monroe	0.0000000	0.0000000	0.0000000	0.0000000	Unknown	Unknown	Unknown			
	Unknown heirs and assigns of Colin Stevens	No		0.0052083	0.078	0.0001605	09-023010.0000	Green	Monroe	0.0000000	0.0000000	0.0000000	0.0000000	Unknown	Unknown	Unknown			
	Unknown heirs and assigns of Jennifer Stevens	No		0.0052083	0.078	0.0001605	09-023010.0000	Green	Monroe	0.0000000	0.0000000	0.0000000	0.0000000	Unknown	Unknown	Unknown			
	Unknown heirs and assigns of Margaret Smith	No		0.0052083	0.078	0.0001605	09-023010.0000	Green	Monroe	0.0000000	0.0000000	0.0000000	0.0000000	Unknown	Unknown	Unknown			
3	Penni M. Darrah	Yes	20.69	1.0000000	20.690	0.0426942	09-024003.1000	Green	Monroe	0.0000000	0.0000000	0.0000000	0.0000000	1.0000000	41625 Township Road #449	Woodsfield	OH	43793	
	Jeffrey P. Morrow	Yes		0.4687500	0.495	0.0010214	09-018014.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	0.0000000	40379 State Route 7	Clarington	OH	43915	
	Rebecca Rufener Morrow	Yes		0.4687500	0.495	0.0010214	09-018014.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	0.0000000	3347 Dublin Rd.	N. Charleston	NC	29420	
	Gary Williamson	Yes		0.0416667	0.044	0.0000908	09-018014.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	0.0000000	30991 Township Road 843	Lower Salem	OH	45745	
	Rita Young	Yes		0.0052083	0.005	0.0000113	09-018014.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	0.0000000	1855 Honeychuck Lane	Kent	OH	44240	
	Chris L. Starr	Yes		0.0052083	0.005	0.0000113	09-018014.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	0.0000000	1255 Colony Road	Salineville	OH	43945	
	Leo D. Starr	Yes		0.0052083	0.005	0.0000113	09-018014.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	0.0000000	558 Colony Park Drive Apt. 202	Tallmadge	OH	44278	
	Lois Starr	Yes		0.0052083	0.005	0.0000113	09-018014.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	0.0000000	33250 De Voe Road	Lewisville	OH	43754	
	Jeffrey P. Morrow	Yes		0.4687500	0.569	0.0011743	09-017009.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	0.0000000	40379 State Route 7	Clarington	OH	43915	
	Rebecca Rufener Morrow	Yes		0.4687500	0.569	0.0011743	09-017009.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	0.0000000	3347 Dublin Rd.	N. Charleston	NC	29420	
	Gary Williamson	Yes		0.0416667	0.051	0.0000104	09-017009.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	0.0000000	30991 Township Road 843	Lower Salem	OH	45745	
	Rita Young	Yes		0.0052083	0.006	0.0000130	09-017009.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	0.0000000	1855 Honeychuck Lane	Kent	OH	44240	
	Chris L. Starr	Yes		0.0052083	0.006	0.0000130	09-017009.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	0.0000000	1255 Colony Road	Salineville	OH	43945	
	Leo D. Starr	Yes		0.0052083	0.006	0.0000130	09-017009.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	0.0000000	558 Colony Park Drive Apt. 202	Tallmadge	OH	44278	
	Lois Starr	Yes		0.0052083	0.006	0.0000130	09-017009.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	0.0000000	33250 De Voe Road	Lewisville	OH	43754	
5	Rebecca R. Devier - LIFFE ESTATE	Yes	1.214	0.7500000	69.323	0.1430499	09-017002.0000	Green	Monroe	1.0000000	1.0000000</								

11	Jon Jason Kraft and Shirley A. Kraft	Yes	41.127	1.0000000	41.127	0.0848664	09-017007.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	44890 Township Highway 452	Woodsfield	OH	43793	
12	Bounty Minerals, LLC	Yes	0.05	1.0000000	0.050	0.0001032	09-010016.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	777 Main St., Suite 3400	Fort Worth	TX	76102	
13	Jon Jason Kraft and Shirley A. Kraft	Yes	0.647	1.0000000	0.647	0.0013351	09-016016.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	44890 Township Highway 452	Woodsfield	OH	43793	
14	Gateway Royalty V, LLC	Yes	2.383	1.0000000	2.383	0.0049174	09-016007.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	2701 Colonial Parkway	Fort Worth	TX	76109	WI Gulfport to Eclipse; Uncommitted to Committed
15	JON-TRU, LLC	Yes	39.924	1.0000000	39.924	0.0823359	09-010009.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	44467 SR 225	Woodsfield	OH	43793	
16	JON-TRU, LLC	Yes	28.138	1.0000000	28.138	0.0580633	09-011011.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	44467 SR 225	Woodsfield	OH	43793	
17	Stephen M. Morris and Tru L. Morris	Yes	2.459	1.0000000	2.459	0.0050742	09-010009.1000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	43577 Township Road 45	Woodsfield	OH	43793	
18	Board of Trustees of Green Township	Yes	1.008	1.0000000	1.008	0.0020800	09-010102.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	43022 Six Points Road	Laings	OH	43752	
19	JON-TRU, LLC	Yes	2.913	1.0000000	2.913	0.0060110	09-01036.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	44467 SR 225	Woodsfield	OH	43793	
20	JON-TRU, LLC	Yes	7.137	1.0000000	7.137	0.0142773	09-010201.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	44467 SR 225	Woodsfield	OH	43793	
21	John W. McCaslin	Yes	0.5000000	1.396	0.0028807	09-01002.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	43036 Six Points Road	Woodsfield	OH	43793		
22	Mark E. McCaslin	Yes	3.839	1.0000000	3.839	0.0028807	09-01002.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	43036 Six Points Road	Woodsfield	OH	43793	
23	Rex J. Randall and Elaine L. Randall	No	1.942	1.0000000	1.942	0.0040074	09-011006.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	PO Box 3	Laings	OH	43752	
24	Rex J. Randall and Elaine L. Randall	No	0.745	1.0000000	0.745	0.0015373	09-01024.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	PO Box 3	Laings	OH	43752	
25	John W. McCaslin	Yes	2.041	0.5000000	1.021	0.0021058	09-01013.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	43036 Six Points Road	Woodsfield	OH	43793	
26	John W. McCaslin	Yes	0.522	0.5000000	0.261	0.0005386	09-01002.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	43036 Six Points Road	Woodsfield	OH	43793	
27	Marlon Workman and Linda Workman	Yes	0.3750000	2.667	0.0055026	09-010011.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	44135 State Route 255	Laings	OH	43752		
	Jason Workman and Lesley Workman	Yes	0.1250000	0.889	0.0018342	09-010011.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	43101 Six Points Road	Laings	OH	43752		
	Ramona Thompson Noland and Kenneth Noland	Yes	0.0833333	0.593	0.0012228	09-010011.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	208 Leeward Road	Newport News	VA	23601		
	Mary Lee Thompson	Yes	0.0833333	0.593	0.0012228	09-010011.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	7244 River Bend Road	Nashville	TN	37221		
	Brian Janes and Beth Ann Janes	Yes	0.0208333	0.148	0.0003057	09-010011.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	1304 Grappenhall Drive	Apex	NC	27503		
	Sheryl Janes	Yes	0.0208333	0.148	0.0003057	09-010011.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	PO Box 462	Luther	OK	73054		
	Robyn Kimberly Crow and David Michael Crow	Yes	0.0416667	0.296	0.0006114	09-010011.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	5497 Morgan Center Road	Mount Vernon	OH	43050		
	Amy Maria Ransom-Rouse and Jay Rowland Rouse	Yes	0.0416667	0.296	0.0006114	09-010011.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	3704 Larkwood Road	Anderson	IN	46012		
	Kevin Janes	Yes	0.0208333	0.148	0.0003057	09-010011.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	80 Squire Court	Dunedin	FL	34698		
	Wayne Eugene Thompson	Yes	0.0625000	0.444	0.0009171	09-010011.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	10234 Akron Road	Rittman	OH	44270		
	Alvina O. Thompson and Connie Thompson	Yes	0.0625000	0.444	0.0009171	09-010011.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	43857 State Route 255	Woodsfield	OH	43793		
	The Donald George and Barbara Jeanette Thompson Family Trust dated October 21, 2014	Yes	0.0625000	0.444	0.0009171	09-010011.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	43904 State Route 255	Woodsfield	OH	43793		
28	Trustees of the Laings Church of Christ	Yes	1.705	1.0000000	1.705	0.0035183	09-01027.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	44427 State Route 255	Laings	OH	43752	
29	Estate of Donna Mae Coplan	No	0.324	1.0000000	0.324	0.0006686	09-01029.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	44355 State Route 255	Laings	OH	43752	
30	Estate of Donna Mae Coplan	No	1.009	1.0000000	1.009	0.0020821	09-01025.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	44355 State Route 255	Laings	OH	43752	
31	Donald George Thompson and Barbara Thompson	Yes	0.520	1.0000000	0.520	0.0010730	09-01016.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	43904 State Route 255	Woodsfield	OH	43793	
32	Jan McKendry and Karen McKendry	Yes	5.294	1.0000000	5.294	0.0109243	09-01018.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	22352 Dakota Road	Lawrenceburg	IN	47025	
33	Jan McKendry and Karen McKendry	Yes	4.599	1.0000000	4.599	0.0094901	09-01037.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	22352 Dakota Road	Lawrenceburg	IN	47025	
34	Marlon B. Workman and Linda K. Workman	Yes	2.082	1.0000000	2.082	0.0042962	09-011014.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	44135 State Route 255	Laings	OH	43752	WI Gulfport to Eclipse; Uncommitted to Committed
35	Thomas B. Ollom and Mary Ann Ollom	Yes	15.870	1.0000000	15.870	0.0327481	09-011020.1000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	44282 State Route 255	Woodsfield	OH	43793	
36	Laings Presbyterian Cemetery, Inc.	No	0.788	1.0000000	0.788	0.0016261	09-01035.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	43005 Six Points Road	Laings	OH	43752	
37	Board of Township Trustees of Green Township	Yes	0.971	1.0000000	0.971	0.0020037	09-01021.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	43022 Six Points Road	Woodsfield	OH	43793	
38	Philip J. Bonfini and Lesley D. Bonfini	Yes	31.362	1.0000000	31.362	0.0647161	09-011019.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	51205 TR 9	Woodsfield	OH	43793	
39	Thomas B. Ollom and Mary Ann Ollom	Yes	2.019	1.0000000	2.019	0.0041662	09-01020.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	44282 State Route 255	Woodsfield	OH	43793	
40	Kenneth J. Knepp and Renee J. Knepp	No	20.924	1.0000000	20.924	0.0431771	09-01031.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	125 Merle Boulevard	Monroe Falls	OH	44262	
41	Donald George Thompson and Barbara Thompson	Yes	0.211	1.0000000	0.211	0.0004354	09-031020.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	43904 State Route 255	Woodsfield	OH	43793	
42	Steven Fleming	No	0.211	1.0000000	0.211	0.0004354	09-031021.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	44350 State Route 255	Woodsfield	OH	43793	
43	Steven Fleming	No	0.211	1.0000000	0.211	0.0004354	09-031024.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	44350 State Route 255	Woodsfield	OH	43793	
44	Philip J. Bonfini and Lesley D. Bonfini	Yes	0.211	1.0000000	0.211	0.0004354	09-031025.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	51205 TR 9	Woodsfield	OH	43793	
45	Philip J. Bonfini and Lesley D. Bonfini	Yes	0.280	1.0000000	0.280	0.0005778	09-031028.0000	Green	Monroe	1.0000000	1.0000000	0.0000000	0.0000000	51205 TR 9	Woodsfield	OH	43793	
46	David P. King	No	0.283	0.5000000	0.142	0.0002920	09-031029.0000	Green	Monroe	0.0000000	0.0000000	0.0000000	0.0000000	42971 Six Points Road	Laings	OH	43752	
47	Hattie J. King	No	0.340	0.5000000	0.142	0.0002920	09-031029.0000	Green	Monroe	0.0000000	0.0000000	0.0000000	0.000000					

63	Chet D. Johnson and Amanda M. Johnson	No	0.335	1.000000	0.335	0.0006913	09-031009.0000	Green	Monroe	0.000000	0.000000	0.000000	0.000000	PO Box 9	Laings	OH	43752
64	Rex J. Randall and Elaine L. Randall	No	0.338	1.000000	0.338	0.0006975	09-031008.0000	Green	Monroe	0.000000	0.000000	0.000000	0.000000	PO Box 3	Laings	OH	43752
65	Monroe Water Systems	No	0.154	1.000000	0.154	0.0003178	09-031006.0000	Green	Monroe	0.000000	0.000000	0.000000	0.000000	42994 Six Points Road	Laings	OH	43752
66	Monroe Water Systems	No	0.098	1.000000	0.098	0.0002022	09-031004.0000	Green	Monroe	0.000000	0.000000	0.000000	0.000000	42994 Six Points Road	Laings	OH	43752
67	Rex J. Randall and Elaine L. Randall	No	0.252	1.000000	0.252	0.0005200	09-031003.0000	Green	Monroe	0.000000	0.000000	0.000000	0.000000	PO Box 3	Laings	OH	43752
68	Rex J. Randall and Elaine L. Randall	No	0.024	1.000000	0.024	0.0000495	09-031000.3100	Green	Monroe	0.000000	0.000000	0.000000	0.000000	PO Box 3	Laings	OH	43752
69	Board of Trustees of Green Township	Yes	0.926	1.000000	0.926	0.0019108	09-031001.0000	Green	Monroe	1.000000	1.000000	0.000000	0.000000	43022 Six Points Road	Woodsfield	OH	43793
70	Larry D. Coplan	Yes	0.210	1.000000	0.210	0.0004333	09-031017.0000	Green	Monroe	1.000000	1.000000	0.000000	0.000000	7436 E. Northwest Highway	Dallas	TX	75231
71	Rex J. Randall and Elaine L. Randall	No	0.210	1.000000	0.210	0.0004333	09-031015.0000	Green	Monroe	0.000000	0.000000	0.000000	0.000000	PO Box 3	Laings	OH	43752
72	Rex J. Randall and Elaine L. Randall	No	0.211	1.000000	0.211	0.0004354	09-031014.0000	Green	Monroe	0.000000	0.000000	0.000000	0.000000	PO Box 3	Laings	OH	43752
73	Rex J. Randall and Elaine L. Randall	No	0.210	1.000000	0.210	0.0004333	09-031011.0000	Green	Monroe	0.000000	0.000000	0.000000	0.000000	PO Box 3	Laings	OH	43752
74	Chet D. Johnson and Amanda M. Johnson	No	0.279	1.000000	0.279	0.0005757	09-031010.0000	Green	Monroe	0.000000	0.000000	0.000000	0.000000	PO Box 9	Laings	OH	43752
75	Rex J. Randall and Elaine L. Randall	No	0.282	1.000000	0.282	0.0005819	09-031007.0000	Green	Monroe	0.000000	0.000000	0.000000	0.000000	PO Box 3	Laings	OH	43752
76	Monroe Water Systems	No	0.211	1.000000	0.211	0.0004354	09-031005.0000	Green	Monroe	0.000000	0.000000	0.000000	0.000000	42994 Six Points Road	Laings	OH	43752
77	Rex J. Randall and Elaine L. Randall	No	0.210	1.000000	0.210	0.0004333	09-031002.0000	Green	Monroe	0.000000	0.000000	0.000000	0.000000	PO Box 3	Laings	OH	43752

Total Unit Acres: **484.609** **1.000000**

Total Leased Acres: **440.503**

Total: **0.8038816** **0.8038816** **0.0624111** **0.0426942**

## Exhibit A-3

## All Unleased Mineral Owners in the proposed Rufener B Unit.

Tract Number	Mineral Owner	Leased Yes or No	Decimal Interest in Tract	Surface Acres in Unit	Tract Participation in Unit	Tax Map Parcel ID	Tract Surface Use	Township	County	Address	City	State	Zip
1	Unknown heirs and assigns of Williams Stevens	No	0.0052083	0.078	0.0001605	09-023011.0000	Agricultural with Buildings	Green	Monroe	Unknown	Unknown	Unknown	Unknown
1	Unknown heirs and assigns of Colin Stevens	No	0.0052083	0.078	0.0001605	09-023011.0000	Agricultural with Buildings	Green	Monroe	Unknown	Unknown	Unknown	Unknown
1	Unknown heirs and assigns of Jennifer Stevens	No	0.0052083	0.078	0.0001605	09-023011.0000	Agricultural with Buildings	Green	Monroe	Unknown	Unknown	Unknown	Unknown
1	Unknown heirs and assigns of Margaret Smith	No	0.0052083	0.078	0.0001605	09-023011.0000	Agricultural with Buildings	Green	Monroe	Unknown	Unknown	Unknown	Unknown
1	Charles W. Haney	No	0.0312500	0.467	0.0009631	09-023011.0000	Agricultural with Buildings	Green	Monroe	421 Seminole Drive	Blacksburg	VA	24060-7874
2	Unknown heirs and assigns of Williams Stevens	No	0.0052083	0.075	0.0001542	09-023010.0000	Agricultural Vacant	Green	Monroe	Unknown	Unknown	Unknown	Unknown
2	Unknown heirs and assigns of Colin Stevens	No	0.0052083	0.075	0.0001542	09-023010.0000	Agricultural Vacant	Green	Monroe	Unknown	Unknown	Unknown	Unknown
2	Unknown heirs and assigns of Jennifer Stevens	No	0.0052083	0.075	0.0001542	09-023010.0000	Agricultural Vacant	Green	Monroe	Unknown	Unknown	Unknown	Unknown
2	Unknown heirs and assigns of Margaret Smith	No	0.0052083	0.075	0.0001542	09-023010.0000	Agricultural Vacant	Green	Monroe	Unknown	Unknown	Unknown	Unknown
2	Charles W. Haney	No	0.0312500	0.448	0.0009250	09-023010.0000	Agricultural Vacant	Green	Monroe	421 Seminole Drive	Blacksburg	VA	24060-7874
6	Rita Young	No	0.0156250	1.444	0.0029802	09-017002.0000	Agricultural Vacant	Green	Monroe	1855 Honeychuck Lane	Kent	OH	44240
6	Chris L. Starr	No	0.0156250	1.444	0.0029802	09-017002.0000	Agricultural Vacant	Green	Monroe	1255 Colony Road	Salineville	OH	43945
6	Leo D. Starr	No	0.0156250	1.444	0.0029802	09-017002.0000	Agricultural Vacant	Green	Monroe	558 Colony Park Drive Apt. 202	Tallmadge	OH	44278
6	Lois Starr	No	0.0156250	1.444	0.0029802	09-017002.0000	Agricultural Vacant	Green	Monroe	33250 De Voe Road	Lewisville	OH	43754
6	Judith Cosentino	No	0.0026042	0.241	0.0004967	09-017002.0000	Agricultural Vacant	Green	Monroe	4738 N. Fisk Avenue	Kansas City	MO	64151
6	Unknown heirs and assigns of Williams Stevens	No	0.0052083	0.481	0.0009934	09-017002.0000	Agricultural Vacant	Green	Monroe	Unknown	Unknown	Unknown	Unknown
6	Unknown heirs and assigns of Colin Stevens	No	0.0052083	0.481	0.0009934	09-017002.0000	Agricultural Vacant	Green	Monroe	Unknown	Unknown	Unknown	Unknown
6	Unknown heirs and assigns of Jennifer Stevens	No	0.0052083	0.481	0.0009934	09-017002.0000	Agricultural Vacant	Green	Monroe	Unknown	Unknown	Unknown	Unknown
6	Unknown heirs and assigns of Margaret Smith	No	0.0052083	0.481	0.0009934	09-017002.0000	Agricultural Vacant	Green	Monroe	Unknown	Unknown	Unknown	Unknown
6	Charles W. Haney	No	0.0312500	2.888	0.0059604	09-017002.0000	Agricultural Vacant	Green	Monroe	421 Seminole Drive	Blacksburg	VA	24060-7874
23	Rex J. Randall and Elaine L. Randall	No	1.0000000	1.942	0.0040074	09-011006.0000	Residential	Green	Monroe	PO Box 3	Laings	OH	43752
24	Rex J. Randall and Elaine L. Randall	No	1.0000000	0.745	0.0015373	09-011024.0000	Residential	Green	Monroe	PO Box 3	Laings	OH	43752
29	Estate of Donna Mae Coplan	No	1.0000000	0.324	0.0006686	09-011029.0000	Church	Green	Monroe	44355 State Route 255	Laings	OH	43752
30	Estate of Donna Mae Coplan	No	1.0000000	1.009	0.0020821	09-011025.0000	Residential	Green	Monroe	44355 State Route 255	Laings	OH	43752
36	Laings Presbyterian Cemetery, Inc.	No	1.0000000	0.788	0.0016261	09-011035.0000	Cemetery	Green	Monroe	43005 Six Points Road	Laings	OH	43752
40	Kenneth J. Knepp and Renee J. Knepp	No	1.0000000	20.924	0.0431771	09-011031.0000	Agricultural with Buildings	Green	Monroe	125 Merle Boulevard	Monroe Falls	OH	44262
42	Steven Fleming	No	1.0000000	0.211	0.0004354	09-031021.0000	Residential	Green	Monroe	44350 State Route 255	Woodsfield	OH	43793
43	Steven Fleming	No	1.0000000	0.211	0.0004354	09-031024.0000	Residential	Green	Monroe	44350 State Route 255	Woodsfield	OH	43793
46	David P. King	No	0.5000000	0.142	0.0002920	09-031029.0000	Residential	Green	Monroe	42971 Six Points Road	Laings	OH	43752
46	Hattie J. King	No	0.5000000	0.142	0.0002920	09-031029.0000	Residential	Green	Monroe	42971 Six Points Road	Laings	OH	43752
48	Laings Presbyterian Church	No	1.0000000	0.893	0.0018427	09-031033.0000	Church	Green	Monroe	43005 Six Points Road	Laings	OH	43752
51	Steven Fleming	No	1.0000000	0.255	0.0005262	09-031022.0000	Residential	Green	Monroe	44350 State Route 255	Woodsfield	OH	43793
52	Steven Fleming	No	1.0000000	0.254	0.0005241	09-031023.0000	Residential	Green	Monroe	44350 State Route 255	Woodsfield	OH	43793
55	David P. King	No	0.5000000	0.170	0.0003508	09-031030.0000	Residential	Green	Monroe	42971 Six Points Road	Laings	OH	43752
55	Hattie J. King	No	0.5000000	0.170	0.0003508	09-031030.0000	Residential	Green	Monroe	42971 Six Points Road	Laings	OH	43752
60	Rex J. Randall and Elaine L. Randall	No	1.0000000	0.252	0.0005200	09-031016.0000	Residential	Green	Monroe	PO Box 3	Laings	OH	43752
61	Rex J. Randall and Elaine L. Randall	No	1.0000000	0.252	0.0005200	09-031013.0000	Residential	Green	Monroe	PO Box 3	Laings	OH	43752
62	Rex J. Randall and Elaine L. Randall	No	1.0000000	0.252	0.0005200	09-031012.0000	Residential	Green	Monroe	PO Box 3	Laings	OH	43752
63	Chet D. Johnson and Amanda M. Johnson	No	1.0000000	0.335	0.0006913	09-031009.0000	Residential	Green	Monroe	PO Box 9	Laings	OH	43752
64	Rex J. Randall and Elaine L. Randall	No	1.0000000	0.338	0.0006975	09-031008.0000	Residential	Green	Monroe	PO Box 3	Laings	OH	43752
65	Monroe Water Systems	No	1.0000000	0.154	0.0003178	09-031006.0000	Municipal	Green	Monroe	42994 Six Points Road	Laings	OH	43752
66	Monroe Water Systems	No	1.0000000	0.098	0.0002022	09-031004.0000	Municipal	Green	Monroe	42994 Six Points Road	Laings	OH	43752
67	Rex J. Randall and Elaine L. Randall	No	1.0000000	0.252	0.0005200	09-031003.0000	Residential	Green	Monroe	PO Box 3	Laings	OH	43752
68	Rex J. Randall and Elaine L. Randall	No	1.0000000	0.024	0.0000495	09-031003.1000	Residential	Green	Monroe	PO Box 3	Laings	OH	43752
71	Rex J. Randall and Elaine L. Randall	No	1.0000000	0.210	0.0004333	09-031015.0000	Residential	Green	Monroe	PO Box 3	Laings	OH	43752
72	Rex J. Randall and Elaine L. Randall	No	1.0000000	0.211	0.0004354	09-031014.0000	Residential	Green	Monroe	PO Box 3	Laings	OH	43752
73	Rex J. Randall and Elaine L. Randall	No	1.0000000	0.210	0.0004333	09-031011.0000	Residential	Green	Monroe	PO Box 3	Laings	OH	43752
74	Chet D. Johnson and Amanda M. Johnson	No	1.0000000	0.279	0.0005757	09-031010.0000	Residential	Green	Monroe	PO Box 9	Laings	OH	43752
75	Rex J. Randall and Elaine L. Randall	No	1.0000000	0.282	0.0005819	09-031007.0000	Residential	Green	Monroe	PO Box 3	Laings	OH	43752
76	Monroe Water Systems	No	1.0000000	0.211	0.0004354	09-031005.0000	Municipal	Green	Monroe	42994 Six Points Road	Laings	OH	43752
77	Rex J. Randall and Elaine L. Randall	No	1.0000000	0.210	0.0004333	09-031002.0000	Residential	Green	Monroe	PO Box 3	Laings	OH	43752

Total Unleased Acres: 44.106 0.0910131

Total Unit Acres: 484.609

**Exhibit A-4**  
**All Committed Working Interest Owners in the proposed Rufener B Unit.**

Tract Number	Committed Working Interest Owner	Address	City	State	Zip	Leased Yes or No	Decimal Interest in Tract	Surface Acres in Unit	Tract Participation in Unit	Tax Map Parcel ID	Township	County
1	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	0.9479167	14.157	0.0292135	09-023011.0000	Green	Monroe
2	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	0.9479167	13.598	0.0280595	09-023010.0000	Green	Monroe
4	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	1.056	0.0021791	09-018014.0000	Green	Monroe
5	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	1.214	0.0025051	09-017009.0000	Green	Monroe
6	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	0.8828125	81.599	0.1683816	09-017002.0000	Green	Monroe
7	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	10.162	0.0209695	09-017001.0000	Green	Monroe
8	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	18.929	0.0390604	09-017006.0000	Green	Monroe
9	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	38.445	0.0793320	09-017004.0000	Green	Monroe
11	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	41.127	0.0848664	09-017007.0000	Green	Monroe
12	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	0.050	0.0001032	09-010016.0000	Green	Monroe
13	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	0.647	0.00013351	09-016016.0000	Green	Monroe
14	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	2.383	0.0049174	09-016007.0000	Green	Monroe
15	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	39.924	0.0823839	09-010009.0000	Green	Monroe
16	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	28.138	0.0580633	09-011011.0000	Green	Monroe
17	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	2.459	0.0050742	09-010009.1000	Green	Monroe
18	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	1.008	0.0020800	09-011012.0000	Green	Monroe
19	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	2.913	0.0060110	09-011036.0000	Green	Monroe
20	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	7.137	0.0147273	09-010021.0000	Green	Monroe
21	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	2.792	0.0057613	09-010002.0000	Green	Monroe
22	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	3.839	0.0079219	09-011005.0000	Green	Monroe
25	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	2.041	0.0042116	09-011013.0000	Green	Monroe
26	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	0.522	0.0010772	09-010002.1000	Green	Monroe
27	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	7.111	0.0146737	09-010011.0000	Green	Monroe
28	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	1.705	0.0035183	09-011027.0000	Green	Monroe
31	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	0.520	0.0010730	09-011016.0000	Green	Monroe
32	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	5.294	0.0109243	09-011018.0000	Green	Monroe
33	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	4.599	0.0094901	09-011037.0000	Green	Monroe
34	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	2.082	0.0042962	09-011014.0000	Green	Monroe
35	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	15.870	0.0327481	09-011020.1000	Green	Monroe
37	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	0.971	0.0020037	09-011021.0000	Green	Monroe
38	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	31.362	0.0647161	09-011019.0000	Green	Monroe
39	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	2.019	0.0041662	09-011020.0000	Green	Monroe
41	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	0.211	0.0004354	09-031020.0000	Green	Monroe
44	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	0.211	0.0004354	09-031025.0000	Green	Monroe
45	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	0.280	0.0005778	09-031028.0000	Green	Monroe
47	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	0.211	0.0004354	09-031032.0000	Green	Monroe
49	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	0.210	0.0004333	09-031034.0000	Green	Monroe
50	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	0.254	0.0005241	09-031019.0000	Green	Monroe
53	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	0.254	0.0005241	09-031026.0000	Green	Monroe
54	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	0.337	0.0006954	09-031027.0000	Green	Monroe
56	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	0.254	0.0005241	09-031031.0000	Green	Monroe
57	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	0.034	0.0000702	09-031035.1000	Green	Monroe
58	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	0.251	0.0005179	09-031035.0000	Green	Monroe
59	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	0.252	0.0005200	09-031018.0000	Green	Monroe
69	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	0.926	0.0019108	09-031001.0000	Green	Monroe
70	Eclipse Resources I, LP	122 W. John Carpenter Fwy, Suite 300	Irving	Texas	75039	Yes	1.0000000	0.210	0.0004333	09-031017.0000	Green	Monroe

**Total Committed Acres: 389.568      0.8038816**

**Total Unit Acres: 484.609**

**All Uncommitted Working Interest Owners in the proposed Rufener B Unit.**

Tract Number	Uncommitted Working Interest Owner	Address	City	State	Zip	Leased Yes or No	Decimal Interest in Tract	Surface Acres in Unit	Tract Participation in Unit	Tax Map Parcel ID	Township	County						
3	CGO, Inc.	Ohio Valley Mall, Unit 110	St. Clairsville	Ohio	43950	Yes	1.000000	20.69	0.0426942	09-024003.1000	Green	Monroe						
10	Equinor USA Onshore Properties, Inc.	6300 Bridge Point Parkway, Bldg. 2, Suite 100	Austin	Texas	78730	Yes	1.000000	30.245	0.0624111	09-017005.0000	Green	Monroe						
									<b>Total Uncommitted Acres:</b>	<b>50.935</b>	<b>0.1051054</b>							
												<b>Total Unit Acres:</b>						
												<b>484.609</b>						

Exhibit A-6

All parcels subject to pending ownership litigation in the proposed Rufener B Unit.

Tract Number	Uncommitted Working Interest Owner	Address	City	State	Zip	Leased Yes or No	Decimal Interest in Tract	Surface Acres in Unit	Tract Participation in Unit	Tax Map Parcel ID	Township	County
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There are no parcels subject to pending ownership litigation in the proposed Rufener B Unit.

## EXHIBIT "B"

### OIL AND GAS LEASE (PAID UP LEASE)

This lease (hereinafter referred to as the "Lease") dated this \_\_\_\_\_ day of \_\_\_\_\_, 2017 (the "Lease Date"), by and between \_\_\_\_\_, with an address at \_\_\_\_\_, (hereinafter called "Lessor") and **ECLIPSE RESOURCES I, LP**, a Delaware limited partnership, with its principal address at 2121 Old Gatesburg Road, Suite 110, State College, Pennsylvania 16803 (hereinafter called "Lessee").

WITNESSETH, that for and in consideration of the premises and mutual benefits contained herein, the Lessor and Lessee, intending to be legally bound, agree as follows:

1. LEASING CLAUSE: Lessor, in consideration of the covenants, agreements, obligations and consideration set forth herein, hereby leases and lets exclusively to Lessee, and its successors and assigns, all the oil and gas (including, but not limited to, coal seam gas, coalbed methane gas, coalbed gas, methane gas, gob gas, occluded methane/natural gas and all associated natural gas and other hydrocarbons and non-hydrocarbons contained in, associated with, emitting from, or produced/originating within any formation, gob area, mined-out area, coal seam, and all communicating zones), and their liquid or gaseous constituents, whether hydrocarbon or non-hydrocarbon, contained in, associated with, emitting from, or underlying the Leasehold (as hereinafter defined), together with exclusive rights to enter into, in, on and upon said lands herein leased at all times and on one or more occasions for the purposes set forth herein and together further with such exclusive rights as may be necessary or convenient for Lessee, at its election, to explore for, drill for, develop, produce, measure, and market production of oil and gas and their liquid or gaseous constituents, whether hydrocarbon or non-hydrocarbon, from the Leasehold, and from adjoining lands, using methods and techniques which are not restricted to current technology, including the right to inject air, gas, water, and other substances from whatever source into any subsurface strata, except potable water strata; to conduct geophysical, seismic and other exploratory tests; to drill, maintain, operate, rework, stimulate, complete, cease to operate, plug, abandon, and remove wells; to use or install roads, electric power and telephone facilities, and to construct one or more pipelines with appurtenant facilities (including data acquisition, compression and collection facilities) for use in the measurement, production and transportation of oil, gas, water or other products to or from the Leasehold or to or from neighboring lands across the Leasehold; and to operate, maintain, repair, and remove materials and equipment.

2. DESCRIPTION: "See Schedule I attached hereto and made a part hereof."

3. LEASE TERM: This Lease shall remain in force for a primary term of five (5) years from the Lease Date (the "Primary Term"), and shall continue beyond the Primary Term (or any extension thereof) as to the entirety of the Leasehold for so long thereafter as any one or more of the following is satisfied: (i) operations are conducted on the Leasehold or lands pooled or unitized therewith in search of oil, gas, or their constituents, or (ii) a well deemed by Lessee to be capable of production is located on the Leasehold or lands pooled or unitized therewith, or (iii) oil or gas, or their constituents, are produced from the Leasehold or lands pooled or unitized therewith, or (iv) if the Leasehold or lands pooled or unitized therewith is used for underground storage of gas, or for the protection of stored gas, or (v) if prescribed payments hereunder are made, or (vi) if Shut-in Royalties provided hereunder are paid or (vii) Lessee's operations are delayed, postponed, prevented or interrupted as a result of (A) any coal, stone or other mining or mining related operation under any existing and effective lease, permit or authorization covering such operations on the Leasehold or on other lands affecting the Leasehold or (B) any laws, rules, regulations, orders, or drilling or well permitting moratoriums enacted or promulgated by any governmental body or regulatory authority (and such delay will automatically extend the primary or secondary term of this Lease without additional compensation or performance by Lessee for a period of time equal to any such delay, postponement, prevention or interruption). If there is any dispute concerning the extension of this Lease beyond the Primary Term by reason of any of the alternative mechanisms specified herein, the payment to the Lessor of the prescribed payments provided herein shall be conclusive evidence that the Lease has been extended beyond the Primary Term. Should Lessor or any other person bring any action in law that challenges the continued effectiveness of this Lease, and upon litigation or other resolution thereof the continued validity of this Lease is upheld, the term of this Lease (whether primary or secondary) shall be continued for the full period between the date of the filing of the claim to a date six months after the date of the final resolution thereof that is no longer subject to appeal.

4. NO AUTOMATIC TERMINATION OR FORFEITURE:

(A) **CONSTRUCTION OF LEASE:** The language of this Lease shall never be read or construed as language of special limitation. This Lease shall be construed against termination, forfeiture, cancellation or expiration and in favor of giving effect to the continuation of this Lease where the circumstances exist to maintain this Lease in effect under any of the alternative mechanisms set forth herein. In connection therewith, (i) a well shall be deemed to be capable of production if it has the capacity to produce a profit over operating costs, without regard to any capital costs to drill or equip the well, or to deliver the oil or gas to market, and (ii) the Lessee shall be deemed to be conducting operations in search of oil or gas, or their constituents, if the Lessee is engaged in geophysical and other exploratory work, including, but not limited to, activities to drill an initial well, to drill a new well, or to rework, stimulate, deepen, sidetrack, frac, plug back in the same or different formation or repair a well or equipment on the Leasehold or any lands pooled or unitized therewith (such activities shall include, but not be limited to, performing any preliminary or preparatory work necessary for drilling, conducting internal technical analysis to initiate and/or further develop a well, obtaining permits and approvals associated therewith and may include reasonable gaps in activities provided that there is a continuum of activities showing a good faith effort to develop a well or that the cessation or interruption of activities was beyond the control of Lessee, including interruptions caused by the acts of third parties over whom Lessee has no control or regulatory delays associated with any approval process required for conducting such activities).

(B) **LIMITATION OF FORFEITURE:** This lease shall never be subject to a civil or equity action, arbitration or other proceeding to enforce a claim of termination, cancellation, expiration or forfeiture due to any action or inaction by the Lessee, including, but not limited to, making or the failure to make any prescribed payments, authorized or required under the terms of this Lessee, unless the Lessee has received written notice of Lessor's claim and a demand for performance and thereafter fails or refuses to satisfy or to provide reasonable justification for its act or omission in response to Lessor's demand within 60 days from the receipt thereof. If Lessee timely responds to Lessor's demand, but in good faith disagrees with Lessor's position and set forth the reasons therefore, such a response shall be deemed to satisfy this provision, this Lease shall continue in full force and effect and no further damages (or other claims for relief) will accrue in Lessor's favor during the pendency of this dispute, other than claims for undisputed on-going payments that may be due under the terms of this Lease during the pendency of this dispute and any effort by the parties to resolve the dispute.

5. **PAYMENTS TO LESSOR.** Subject to the terms and conditions set forth herein, Lessee covenants to pay Lessor, proportionate to Lessor's percentage of ownership, as follows:

(A) **ADVANCED DELAY RENTALS:** This Lease shall automatically become null and void and terminate, and all rights of either Lessor or Lessee hereunder shall cease and terminate, unless, within 120 days from the Lease Date, Lessee elects to pay, in proportion to Lessor's percentage of ownership of the oil and gas and related interests in the Leasehold, as pre-paid advanced delay rentals, the sum of (\$\_\_\_\_\_) per net mineral acre of the Leasehold, subject to adjustment pursuant to Section 12 hereof (the "Advanced Delay Rental Payment"). Lessor acknowledges and agrees that Lessee may elect not to pay the Advanced Delay Rental Payment for any reason whatsoever and allow the Lease to terminate without liability to the Lessor. Notwithstanding anything contained anywhere in this Lease or any public law to the contrary, should Lessee elect to pay the Advanced Delay Rental Payment, the parties hereto stipulate and agree that this is a "Paid Up" Lease with no further delay rental or delay in marketing payments due to Lessor during the Primary Term hereof, and that any and all bonuses and delay rentals due or payable hereunder have been prepaid to Lessor for the purpose of keeping this Lease in effect during and for the entirety of the Primary Term. In accepting the bonuses and delay rentals, Lessor and Lessee stipulate and agree that it is deemed for all purposes that all delay rentals have been timely paid on the anniversary date of this Lease on any annual basis, regardless of when same shall have been actually tendered to Lessor.

(B) **ROYALTY:** To pay Lessor as a royalty, less all taxes, assessments, and adjustments on production from the Leasehold (a "Royalty"), as follows:

1. OIL. To pay Lessor an amount equal to \_\_\_\_\_ percent (\_\_\_\_%) of the revenue realized by Lessee (after deducting any severance, ad valorem and any other applicable taxes) for all oil and any constituents thereof produced and marketed from the Leasehold, less the cost to transport or market the oil to the point of sale.

2. GAS. To pay Lessor on actual volumes of gas sold from said land, an amount equal to \_\_\_\_\_ percent (\_\_\_\_%) of the net amount realized by Lessee, computed at the wellhead. As used in this lease, the term "net amount realized by Lessee, computed at the wellhead" shall mean the gross proceeds received by Lessee from the sale of oil and gas minus post-production costs incurred by Lessee between the wellhead and the point of sale. As used in this Lease, the term "post-production costs" shall mean all costs and expenses of (a) treating and processing oil and/or gas, and (b) separating liquid hydrocarbons from gas, other than condensate separated at the well, and (c) transporting oil and/or gas, including but not limited to transportation between the wellhead and any production or treating facilities, and transportation to the point of sale, and (d) compressing gas for transportation and delivery purposes, and (e) metering oil and/or gas to determine the amount sold and/or the amount used by Lessee) and (f) sales charges, commissions and fees paid to third parties (whether or not affiliated) in connection with the sale of the gas, and (g) any and all other costs and expenses of any kind or nature incurred in regard to the gas, or the handling thereof, between the wellhead and the point of sale. Lessee may use its own pipelines and equipment to provide such treating, processing, separating, transportation, compression and metering services, or it may engage others to provide such services; and if Lessee uses its own pipelines and/or equipment, post-production costs shall include without limitation reasonable depreciation and amortization expenses relating to such facilities, together with Lessee's cost of capital and a reasonable return on its investment in such facilities.

(C) SHUT-IN ROYALTY: In the event that production of oil, gas, or their constituents is interrupted and not marketed for a period of more than twelve months, or should Lessee elect to shut in a producing well for a period of more than twelve (12) months, and there is no producing well on the Leasehold or lands pooled or unitized therewith, Lessee shall thereafter, as royalty for constructive production, pay to Lessor an annual shut-in royalty equal to Ten Dollars (\$10.00) per net mineral acre of the Leasehold (proportionally reduced to Lessor's percentage of ownership in the Leasehold) until such time as production is re-established or Lessee surrenders the Lease (a "Shut-In Royalty") and this Lease shall thereafter remain in full force and effect. During such shut-in, Lessee shall have the right to rework, stimulate, or deepen any well on the Leasehold or to drill a new well on the Leasehold in an effort to re-establish production, whether from an original producing formation or from a different formation. In the event that the production from the only producing well on the Leasehold is interrupted for a period of less than twelve months or Lessee elects to shut in a producing well for a period of less than twelve months, this Lease shall remain in full force and effect without payment of delay rental, Royalty or Shut-in Royalty.

(D) ADDITIONAL PROVISIONS: Prior to payment of Royalty, Lessor may be required to execute a Division Order certifying Lessor's interest in production. Lessee may pay all taxes and fees levied upon the oil and gas as produced, including, without limitation, severance taxes and privilege and surveillance fees, and deduct a proportionate share of the amount so paid from any monies payable to Lessor hereunder. Lessee may withhold Royalty payment until such time as the total withheld exceeds fifty dollars (\$50.00).

6. EQUIPMENT; DAMAGES: Lessee shall have the right at any time during the term of this Lease or after the expiration or termination thereof to remove all equipment, machinery, fixtures, pipelines, buildings, and other structures placed on the Leasehold by Lessee, including the right to pull and remove all casing and tubing. Lessee will remove unnecessary equipment and materials and reclaim all disturbed lands at the completion of activities, and Lessee agrees to repair any damaged improvements to the land and pay for the loss of growing crops or marketable timber. Lessee shall bury all permanent pipelines below plow depth through cultivated areas upon request of Lessor owning an interest in the surface. Damages shall be calculated at current marketable value only; in no instance shall estimates of future values be considered. Any timber cut by Lessee in preparing access roads, right-of-ways, or locations will be stacked in an orderly manner in locations to be mutually agreed upon by Lessee and Lessor and will not be subject to damage reimbursement to Lessor by Lessee. Any injury to Lessee's workers or damages to Lessee's property that are caused by Lessor, whether intentional or not, shall be recoverable by Lessee from any royalty payments or any other payments to Lessor that are due or becoming due.

7. MANNER OF PAYMENT: Lessee shall make or tender all payments due hereunder by check, payable to Lessor, at Lessor's last known address, and Lessee may withhold any payment pending notification by Lessor of a change in address. Payment may be tendered by mail or any comparable method (e.g. Federal Express), and payment is deemed complete upon mailing or dispatch. Where the due date for any payment specified herein falls on a holiday, Saturday or Sunday, payment tendered (mailed or dispatched) on the next business day is timely.

8. CHANGE IN LAND OWNERSHIP: Lessee shall not be bound by any change in the ownership of the Leasehold until furnished with such documentation as Lessee may reasonably require. Pending the receipt of documentation, Lessee may elect either to continue to make or withhold payments as if such change had not occurred.

9. TITLE DISPUTES: Lessor covenants and agrees that if Lessor's title to the Leasehold shall come into dispute or litigation, or if, in the judgment of Lessee, there are bona fide adverse claims to the rentals, royalties, rights or privileges of Lessor herein provided for, Lessee, at its option, may withhold such rights or privileges or the

payment of said rentals or royalties to all persons until final adjudication or other settlement of such dispute, litigation or claims.

10. LIENS: Lessee may at its option pay and discharge any past due taxes, mortgages, judgments, or other liens and encumbrances on or against any land or interest included in the Leasehold; and Lessee shall be entitled to recover from the debtor, with legal interest and cost, by deduction from any future payments to Lessor or by any other lawful means.

11. CHARACTERIZATION OF PAYMENTS: Payments set forth herein are covenants, not special limitations, regardless of the manner in which these payments may be invoked. Except as provided in Section 5(a) of this Lease, any failure on the part of the Lessee to timely or otherwise properly tender payment can never result in an automatic termination, expiration, cancellation, or forfeiture of this Lease. Lessor recognizes and acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, can vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor hereby agrees that the payment terms, as set forth herein, and any rentals and other payments paid or to be paid to Lessor constitute full consideration for the Leasehold. Lessor further agrees that such payment terms and bonus payments are final and that Lessor will not seek to amend or modify the lease payments, or seek additional consideration based upon any differing terms which Lessee has or will negotiate with any other lessor/oil and gas owner.

12. PAYMENT REDUCTIONS AND CORRECTIONS: If it is determined that Lessor owns a lesser interest in the oil and gas than the entire undivided fee simple estate, then the rentals (including, without limitation, the Advanced Delay Rental Payment), royalties and shut-in royalties payable hereunder shall be paid to Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee. If it is determined that Lessor does not have sufficient title to all or any portion of the oil and gas contained in, associated with, emitting from, or underlying the Leasehold, Lessor agrees on demand made to refund to Lessee any rental (including, without limitation, the Advanced Delay Rental Payment) or royalty previously paid Lessor, and to release Lessee from the payment of any future rental (including, without limitation, the Advanced Delay Rental Payment) or royalty, in proportion to the amount of acreage affected by the insufficient title. If it is determined that the quantity of acreage of land of the Leasehold recited herein is in excess of the true quantity of acreage of land, Lessor agrees on demand made to refund to Lessee any rental previously paid (including, the Advanced Delay Rental Payment), and to release Lessee from the payment of any future rental (including, the Advanced Delay Rental Payment), in the proportion that the excess of recited acreage over the true acreage in the Leasehold bears to the recited acreage. If the recited acreage is found to be less than the true quantity of acreage of land in the Leasehold, Lessee on demand made shall pay to Lessor the arrears in rental payments on the basis of excess of the true quantity of acreage over the said recited acreage and shall thereafter pay any rentals on the basis of the true quantity of acreage.

13. HORIZONTAL DRILLING. Lessor consents and agrees to the use of a horizontal well on and under the Leasehold and Lessor specifically: (i) grants to Lessee the right, in Lessee's sole and absolute discretion, to use the Leasehold as the site of the vertical bore for such horizontal well, whether or not that bore intersects the target formation upon the Leasehold, (ii) grants to Lessee the right, in Lessee's sole and absolute discretion, to horizontally drill through the Leasehold whether or not that bore intersects the target formation upon the Leasehold, whether or not any completion or stimulation is performed upon the Leasehold and whether or not production is obtained or maintained upon the Leasehold, and (iii) grants to the Lessee the right to perform such completions and simulations in and from any horizontal bore as Lessee may, in Lessee's sole and absolute discretion, determine. Any vertical or horizontal bore made upon the Leasehold as part of a horizontal well, the vertical bore of which is on the Leasehold or any other premises, shall be, and shall be deemed to be, a well drilled upon the Leasehold for all purposes of this Lease.

14. UNITIZATION AND POOLING: Lessor grants Lessee the right to pool, unitize or combine all or parts of the Leasehold with other lands, whether contiguous or not contiguous, leased or unleased, whether owned by Lessee or by others, at a time before or after drilling to create drilling or production units either by contract right or pursuant to governmental authorization. Pooling or unitizing in one or more instances shall not exhaust Lessee's pooling and unitizing rights hereunder, and Lessee is granted the right to change the size, shape, and conditions of operation or payment of any unit created. Lessor agrees to accept and receive out of the production or the revenue realized from the production of such unit, such proportional share of the Royalty from each unit well as the number of Leasehold acres included in the unit bears to the total number of acres in the unit. Otherwise, as to any part of the unit, drilling, operations in preparation for drilling, production, or shut-in production for the unit, or payment of Royalty, Shut-in Royalty, or delay rental attributable to any part of the unit (including non-Leasehold land) shall have the same effect upon the terms of this Lease as if a well were located on, or the subject activity attributable to, the Leasehold. In the event of conflict or inconsistency between the Leasehold acres ascribed to the Lease and the local property tax assessment calculation of the lands covered by the Lease, Lessee may, at its option, rely on the latter as being determinative for the purposes of this paragraph.

15. FACILITIES; SEISMIC: Lessee shall not drill a well within 200 feet of any structure located on the Leasehold without Lessor's prior written consent. Lessor shall not erect any building or structure or plant any trees within 200 feet of a well or within 25 feet of a pipeline without Lessee's written consent. Lessor shall not improve, modify, degrade, or restrict roads and facilities built by Lessee without Lessee's written consent. Lessor grants to Lessee and Lessee's geophysical agents and contractors the exclusive right and permission to conduct one or more seismic operations across the Leasehold. Lessee and Lessee's geophysical agents and contractors are hereby granted, for both personnel and equipment, access to the Leasehold Premises for the purpose of conducting the seismic operations on the Leasehold, including, but not limited to, surveying, and the acquisition of seismic data. Lessee agrees to protect Lessor from any and all claims and damages that may result from the seismic operations conducted

hereunder. Lessee and Lessee's geophysical agents or contractors will conduct seismic operations in such a manner as to leave the surface of the land in as near the original condition as reasonably possible.

16. **TITLE AND INTERESTS; AFFIDAVIT OF NO PRODUCTION:** Lessor hereby warrants generally and agrees to defend title to the Leasehold and covenants that Lessee shall have quiet enjoyment hereunder and shall have benefit of the doctrine of after acquired title. Should any person having title to the Leasehold fail to execute this Lease, the Lease shall nevertheless be binding upon all persons who do execute it as Lessor. Lessor hereby warrants that Lessor is not currently receiving any bonus, rental, or royalty as a result of any other oil and gas lease covering any or all of the Leasehold, and that there are no producing or shut-in wells currently existing on the Leasehold, or upon other lands with the boundaries of a drilling or production unit utilizing all or a part of the Leasehold.

17. **LEASE DEVELOPMENT:** Lessor and Lessee agree that, except as expressly stated herein, no implied covenants, obligations or conditions whatsoever shall be read into this Lease, including any covenants or conditions relating to the development, extraction or exploration of the Leasehold or the Oil and Gas within a certain time frame, or relating to the marketing of production, or requiring Lessee to drill a well or wells or to continue drilling on the Leasehold, or fixing the measure of diligence necessary on Lessee's part, or relating to the production of any wells or offsets wells, or relating to the prevention of drainage, or relating to any other operations of Lessee hereunder, or relating to anything to be done by the Lessee including the plugging and abandoning of any wells at any time for any reason. There shall be no Lease forfeiture, termination, expiration, damages or cancellation for (i) failure to comply with any implied covenants or (ii) for failure to comply with obligations if compliance is effectively prevented by any of the conditions set forth in subparagraph vi of the Lease Term paragraph or Force Majeure paragraph of this lease.. The consideration paid and the provisions herein, including any prescribed payments, constitute full compensation for the privileges herein granted.

18. **EXTENSION OF TERM:** Lessor hereby grants unto Lessee, its successors and assigns, the exclusive option and right to extend this Lease beyond the Primary Term for one additional term of five (5) years by paying to Lessor at any time before the expiration of the Primary Term, or within one hundred and 120 days following the expiration of the Primary Term, a payment in an amount equal to the Advanced Delay Rental Payment.

19. **RIGHT OF FIRST REFUSAL:** If, at any time within the Primary Term of this Lease or any continuation or extension thereof, Lessor receives any bona fide offer, acceptable to Lessor, to grant an additional lease (a "Top Lease") covering all or part of the Leasehold, Lessee shall have the continuing option, by meeting any such offer, to acquire such Top Lease on equivalent terms and conditions. Any offer must be in writing and must set forth the proposed Lessee's name, bonus consideration and royalty consideration to be paid for such Top Lease, and include a copy of the lease form to be utilized reflecting all pertinent and relevant terms and conditions of the Top Lease. Lessee shall have fifteen (15) days after receipt from Lessor of a complete copy of any such offer to advise Lessor in writing of its election to enter into an oil and gas lease with Lessor on equivalent terms and conditions. If Lessee fails to notify Lessor within the aforesaid fifteen (15) day period of its election to meet any such bona fide offer, Lessor shall have the right to accept said offer. Any Top Lease granted by Lessor in violation of this provision shall be null and void.

20. **ARBITRATION:** In the event of a disagreement between Lessor and Lessee concerning this Lease, performance hereunder, or damages alleged to have been caused by Lessee's operations, the resolution of all such disputes shall be determined by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Arbitration shall be conducted before a single arbitrator, with at least ten years' experience in oil and gas law in Ohio, regardless of the amount in controversy, and the arbitrator shall be appointed within 14 days after the arbitration is requested. Such arbitration shall be conducted in Columbus, Ohio unless another location is agreed to in writing by the Lessor and Lessee. All fees and costs associated with the arbitration shall be borne equally by Lessor and Lessee. The arbitrator shall be required by the arbitration agreement to make an award within 30 days following the last day of arbitration hearings conducted in the matter. The award rendered by the arbitrator shall be final and judgment upon the arbitration award may be entered in any court having jurisdiction thereof.

21. **ENTIRE CONTRACT:** This Lease (including an addendum attached hereto, if any) sets forth the entire agreement and understanding between the parties as to the subject matter hereof, and supersedes, integrates and merges all prior discussions, correspondence, negotiations, understandings or agreements. No oral warranties, representations or promises have been made or relied upon by either party as an inducement to or modification of this Lease. This Lease is the result of negotiations between the parties and each party has been given the opportunity to consult with legal counsel. Any rule of contract construction that an instrument is to be construed more strictly against the drafter shall not apply to this Lease. This Lease shall be construed as a whole and in accordance with the fair meaning of its language.

22. **SURRENDER:** Lessee, at any time, and from time to time, may surrender and cancel this Lease as to all or any part of the Leasehold by written notice to the Lessor or by placing the surrender thereof on record in the proper county, either of which shall constitute a full and legal surrender of this Lease as to all the Leasehold or such portion thereof as said surrender shall indicate and shall be a cancellation of all liabilities under same of each and all parties hereto to the extent indicated on the surrender, and the rentals herein provided shall be reduced in proportion to the acreage surrendered. At and after the termination or surrender of all or a portion of this Lease, (i) ownership of any such pipelines, pole lines, roadways and other facilities laid or constructed during the term of this Lease shall not revert to Lessor, and at Lessee's option and without any fee payable to Lessor, Lessee shall continue to have the right

of unlimited access to operate, maintain or remove said pipelines, poles, roadways and facilities; but (ii) Lessee shall not be entitled to lay and maintain additional pipelines across the Leasehold without specific written consent of Lessor.

23. **SUCCESSORS.** All rights, duties and liabilities herein benefit and bind Lessor and Lessee and their heirs, successors and assigns.

24. **FORCE MAJEURE:** When drilling, reworking, fracturing, stimulating, or other operations hereunder, or Lessee's fulfillment of its obligations hereunder, are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain or delay in obtaining for any reason any and all necessary permits (including, without limitation, an inability to obtain well permits as a result of objections of owners of coal rights), equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, including any periods of depressed natural gas pricing, this Lease shall not terminate because of such prevention or delay, and, at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any provisions, covenants or implied covenants of this Lease when drilling, production, or other operations are so prevented or delayed.

25. **SEVERABILITY:** This Lease is intended to be in conformity with all laws, rules, regulations and orders and interpreted as such. If any court of competent jurisdiction holds any provision of this Lease invalid or unenforceable (including, without limitation, under any applicable minimum royalty statute), this Lease and the other provisions of this Lease will nevertheless remain in full force and effect. Any provision of the Lease held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

26. **GOVERNING LAW:** This Lease and enforcement hereunder shall be governed by the laws of the State of Ohio, without regard to conflicts of law principles that might refer the interpretation hereof to the laws of another state. Further, subject to the arbitration requirements of Section 20 of this Lease, the parties consent to the sole and exclusive jurisdiction in the state and federal courts that have jurisdiction over the county in which the Leasehold is located for all claims related to enforcement of this Lease. **NOTWITHSTANDING ANYTHING IN THIS LEASE TO THE CONTRARY, NEITHER LESSOR NOR LESSEE (OR ITS PARTNERS, OFFICERS, EMPLOYEES, DIRECTORS OR MANAGERS OR ITS OR THEIR RESPECTIVE SUBSIDIARIES OR AFFILIATES) SHALL BE LIABLE FOR PUNITIVE, INDIRECT, INCIDENTAL, EXEMPLARY OR CONSEQUENTIAL LOSSES OR DAMAGES WHATSOEVER FOR ANY MATTER RELATING TO OR ARISING OUT OF THIS LEASE, INCLUDING LOSS OF PROFITS, WHETHER BASED UPON BREACH OF CONTRACT, BREACH OF WARRANTY, TORT LIABILITY (INCLUDING NEGLIGENCE AND STRICT LIABILITY), STRICT LIABILITY, OR OTHER LEGAL THEORY, EXCEPT TO THE EXTENT OF THE EXPRESS REMEDIES PROVIDED FOR HEREIN.** NOTHING CONTAINED IN THIS LEASE SHALL BE CONSTRUED TO RELIEVE EITHER PARTY OF ITS OBLIGATION TO MITIGATE DAMAGES FOR THE OTHER PARTY'S BREACH. THE TOTAL MONETARY AMOUNT FOR LOSSES AND DAMAGES, FOR ANY MATTER RELATING TO OR ARISING OUT OF A BREACH OF THIS LEASE THAT LESSEE SHALL BE OBLIGATED TO PAY TO LESSOR SHALL NOT EXCEED AN AMOUNT EQUAL TO THE ACTUAL, DIRECT LOSSES OR DAMAGES SUSTAINED BY LESSOR FOR SUCH MATTER.

27. **EFFECTIVENESS:** This Lease shall be effective only upon the due execution of this Lease by both Lessor and Lessee. **LESSOR ACKNOWLEDGES AND AGREES THAT ANY PERSON OR PERSONS NEGOTIATING THE TERMS AND CONDITIONS OF THIS LEASE ON BEHALF OF LESSEE IS AN INDEPENDENT CONTRACTOR OF LESSEE AND NOT ITS AGENT OR EMPLOYEE, THAT SUCH PERSON OR PERSONS HAVE NO AUTHORITY TO BIND LESSEE TO THE LEASE OR OTHERWISE, AND THAT THIS LEASE OR ANY OTHER PROMISE OR AGREEMENT SHALL NOT BE BINDING UPON LESSEE UNTIL THIS LEASE IS ACCEPTED BY LESSEE ONLY AS EVIDENCED BY THE DUE EXECUTION OF THIS LEASE BY AN OFFICER OR OTHER AUTHORIZED PERSON OF LESSEE.** LESSOR FURTHER ACKNOWLEDGES AND AGREES THAT LESSEE MAY DECLINE TO ACCEPT AND EXECUTE THIS LEASE FOR ANY REASON WHATSOEVER IN ITS SOLE AND COMPLETE DISCRETION, AND IN THE EVENT LESSEE ELECTS NOT TO ACCEPT THIS LEASE, LESSEE SHALL HAVE NO OBLIGATION OR LIABILITY TO LESSOR HEREUNDER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, TO MAKE THE ADVANCED DELAY RENTAL PAYMENT PRESCRIBED IN SECTION 5(A) OF THIS LEASE.

28. **HEADINGS:** The headings and titles used in this Lease are inserted for convenience only and shall be disregarded in construing terms, conditions and provisions of this Agreement.

29. **NO THIRD PARTY BENEFICIARIES.** Nothing in this Lease shall provide any benefit to any third party or entitle any third party to any claim, cause of action, remedy or right of any kind, it being the intent of the parties hereto that this Lease shall not be construed as a third-party beneficiary contract.

30. **FURTHER ASSURANCES.** In connection with this Lease, each party hereto shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Lease.

31. **AMENDMENTS; ASSIGNMENTS; EXPENSES; COUNTERPARTS:** This Lease may not be subsequently amended except by an instrument in writing signed by Lessor and Lessee. The privilege of assignment

of this Lease in whole or in part is expressly allowed to Lessor and Lessee. All fees, costs and expense incurred by Lessor and Lessee in negotiating or preparing this Lease shall be paid by the party incurring the same. This Lease may be executed by Lessor and Lessee in any number of counterparts, each of which shall be deemed an original instrument, but all of which together shall constitute but one and the same instrument. Any party may execute this Lease by facsimile signature and the other party will be entitled to rely on such facsimile signature as evidence that this Lease has been duly executed by such party.

See Exhibit "A" attached hereto and made a part hereof.

IN WITNESS WHEREOF, the parties have executed this Lease on the dates set forth below.

**LESSOR:**

**[FOR LESSOR THAT IS AN ENTITY]**

(Insert Name of Lessor Entity)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

**LESSEE:**

**ECLIPSE RESOURCES I, LP,**  
a Delaware limited partnership

By: \_\_\_\_\_  
Name: Marty L. Byrd  
Title: Vice President, Land

Date: \_\_\_\_\_

**[FOR LESSORS WHO ARE INDIVIDUALS]**

Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Name: \_\_\_\_\_  
Date: \_\_\_\_\_

#### **LESSOR ACKNOWLEDGMENTS**

**STATE OF OHIO**

§

**COUNTY OF** \_\_\_\_\_

§

§

On this \_\_\_\_ day of \_\_\_\_\_, 2017, before me, the undersigned officer, personally appeared \_\_\_\_\_, known to me (or satisfactorily proven) to be the person(s) whose name(s) are subscribed to the within instrument, and acknowledged that each executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires:

**STATE OF OHIO**

§

§

**COUNTY OF** \_\_\_\_\_

§

On this \_\_\_\_ day of \_\_\_\_\_, 2017, before me, the undersigned officer, personally appeared \_\_\_\_\_, who acknowledged himself/herself to be the \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_ of the State of \_\_\_\_\_, and that he/she, as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the company by himself/herself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

---

Notary Public

My commission expires:

#### **LESSEE ACKNOWLEDGMENT**

**COMMONWEALTH OF PENNSYLVANIA**

§

**COUNTY OF CENTRE**

§

On this \_\_\_\_ day of \_\_\_\_\_ 2017, before me, the undersigned officer, personally appeared Marty L. Byrd, who acknowledged himself to be the Vice President, Land, of Eclipse Resources I, LP, a Delaware limited partnership, and that he, as such officer, being authorized to do so on behalf of the limited partnership, executed the foregoing instrument for the purposes therein contained by signing the name of the limited partnership by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

---

Notary Public

My commission expires:

## Exhibit "C" ACCOUNTING PROCEDURE JOINT OPERATIONS

Attached to and made part of that certain Joint Operating Agreement dated **July 1, 2014** by and between Eclipse Resources I, LP, as Operator, and **Eclipse Resources – Ohio, LLC** and **., as Non-Operators.**

### I. GENERAL PROVISIONS

**IF THE PARTIES FAIL TO SELECT EITHER ONE OF COMPETING "ALTERNATIVE" PROVISIONS, OR SELECT ALL THE COMPETING "ALTERNATIVE" PROVISIONS, ALTERNATIVE 1 IN EACH SUCH INSTANCE SHALL BE DEEMED TO HAVE BEEN ADOPTED BY THE PARTIES AS A RESULT OF ANY SUCH OMISSION OR DUPLICATE NOTATION.**

**IN THE EVENT THAT ANY "OPTIONAL" PROVISION OF THIS ACCOUNTING PROCEDURE IS NOT ADOPTED BY THE PARTIES TO THE AGREEMENT BY A TYPED, PRINTED OR HANDWRITTEN INDICATION, SUCH PROVISION SHALL NOT FORM A PART OF THIS ACCOUNTING PROCEDURE, AND NO INFERENCE SHALL BE MADE CONCERNING THE INTENT OF THE PARTIES IN SUCH EVENT.**

#### **1. DEFINITIONS**

All terms used in this Accounting Procedure shall have the following meaning, unless otherwise expressly defined in the Agreement:

**"Affiliate"** means for a person, another person that controls, is controlled by, or is under common control with that person. In this definition, (a) control means the ownership by one person, directly or indirectly, of more than fifty percent (50%) of the voting securities of a corporation or, for other persons, the equivalent ownership interest (such as partnership interests), and (b) "person" means an individual, corporation, partnership, trust, estate, unincorporated organization, association, or other legal entity.

**"Agreement"** means the operating agreement, farmout agreement, or other contract between the Parties to which this Accounting Procedure is attached.

**"Controllable Material"** means Material that, at the time of acquisition or disposition by the Joint Account, as applicable, is so classified in the Material Classification Manual most recently recommended by the Council of Petroleum Accountants Societies (COPAS).

**"Equalized Freight"** means the procedure of charging transportation cost to the Joint Account based upon the distance from the nearest Railway Receiving Point to the property.

**"Excluded Amount"** means a specified excluded trucking amount most recently recommended by COPAS.

**"Field Office"** means a structure, or portion of a structure, whether a temporary or permanent installation, the primary function of which is to directly serve daily operation and maintenance activities of the Joint Property and which serves as a staging area for directly chargeable field personnel.

**"First Level Supervision"** means those employees whose primary function in Joint Operations is the direct oversight of the Operator's field employees and/or contract labor directly employed On-site in a field operating capacity. First Level Supervision functions may include, but are not limited to:

- Responsibility for field employees and contract labor engaged in activities that can include field operations, maintenance, construction, well remedial work, equipment movement and drilling
- Responsibility for day-to-day direct oversight of rig operations
- Responsibility for day-to-day direct oversight of construction operations
- Coordination of job priorities and approval of work procedures
- Responsibility for optimal resource utilization (equipment, Materials, personnel)
- Responsibility for meeting production and field operating expense targets
- Representation of the Parties in local matters involving community, vendors, regulatory agents and landowners, as an incidental part of the supervisor's operating responsibilities
- Responsibility for all emergency responses with field staff
- Responsibility for implementing safety and environmental practices
- Responsibility for field adherence to company policy
- Responsibility for employment decisions and performance appraisals for field personnel
- Oversight of sub-groups for field functions such as electrical, safety, environmental, telecommunications, which may have group or team leaders.

**"Joint Account"** means the account showing the charges paid and credits received in the conduct of the Joint Operations that are to be shared by the Parties, but does not include proceeds attributable to hydrocarbons and by-products produced under the Agreement.

**"Joint Operations"** means all operations necessary or proper for the exploration, appraisal, development, production, protection, maintenance, repair, abandonment, and restoration of the Joint Property.

1       **“Joint Property”** means the real and personal property subject to the Agreement.  
2

3       **“Laws”** means any laws, rules, regulations, decrees, and orders of the United States of America or any state thereof and all other  
4       governmental bodies, agencies, and other authorities having jurisdiction over or affecting the provisions contained in or the transactions  
5       contemplated by the Agreement or the Parties and their operations, whether such laws now exist or are hereafter amended, enacted,  
6       promulgated or issued.  
7

8       **“Material”** means personal property, equipment, supplies, or consumables acquired or held for use by the Joint Property.  
9

10      **“Non-Operators”** means the Parties to the Agreement other than the Operator.  
11

12      **“Offshore Facilities”** means platforms, surface and subsea development and production systems, and other support systems such as oil and  
13       gas handling facilities, living quarters, offices, shops, cranes, electrical supply equipment and systems, fuel and water storage and piping,  
14       helipad, marine docking installations, communication facilities, navigation aids, and other similar facilities necessary in the conduct of  
15       offshore operations, all of which are located offshore.  
16

17      **“Off-site”** means any location that is not considered On-site as defined in this Accounting Procedure.  
18

19      **“On-site”** means on the Joint Property when in direct conduct of Joint Operations. The term “On-site” shall also include that portion of  
20       Offshore Facilities, Shore Base Facilities, fabrication yards, and staging areas from which Joint Operations are conducted, or other  
21       facilities that directly control equipment on the Joint Property, regardless of whether such facilities are owned by the Joint Account.  
22

23      **“Operator”** means the Party designated pursuant to the Agreement to conduct the Joint Operations.  
24

25      **“Parties”** means legal entities signatory to the Agreement or their successors and assigns. Parties shall be referred to individually as  
26       “Party.”  
27

28      **“Participating Interest”** means the percentage of the costs and risks of conducting an operation under the Agreement that a Party agrees,  
29       or is otherwise obligated, to pay and bear.  
30

31      **“Participating Party”** means a Party that approves a proposed operation or otherwise agrees, or becomes liable, to pay and bear a share of  
32       the costs and risks of conducting an operation under the Agreement.  
33

34      **“Personal Expenses”** means reimbursed costs for travel and temporary living expenses.  
35

36      **“Railway Receiving Point”** means the railhead nearest the Joint Property for which freight rates are published, even though an actual  
37       railhead may not exist.  
38

39      **“Shore Base Facilities”** means onshore support facilities that during Joint Operations provide such services to the Joint Property as a  
40       receiving and transhipment point for Materials; debarkation point for drilling and production personnel and services; communication,  
41       scheduling and dispatching center; and other associated functions serving the Joint Property.  
42

43      **“Supply Store”** means a recognized source or common stock point for a given Material item.  
44

45      **“Technical Services”** means services providing specific engineering, geoscience, or other professional skills, such as those performed by  
46       engineers, geologists, geophysicists, and technicians, required to handle specific operating conditions and problems for the benefit of Joint  
47       Operations; provided, however, Technical Services shall not include those functions specifically identified as overhead under the second  
48       paragraph of the introduction of Section III (*Overhead*). Technical Services may be provided by the Operator, Operator’s Affiliate, Non-  
49       Operator, Non-Operator Affiliates, and/or third parties.  
50

## 51      **2. STATEMENTS AND BILLINGS**

52

53      The Operator shall bill Non-Operators on or before the last day of the month for their proportionate share of the Joint Account for the  
54       preceding month. Such bills shall be accompanied by statements that identify the AFE (authority for expenditure), lease or facility, and all  
55       charges and credits summarized by appropriate categories of investment and expense. Controllable Material shall be separately identified  
56       and fully described in detail, or at the Operator’s option, Controllable Material may be summarized by major Material classifications.  
57       Intangible drilling costs, audit adjustments, and unusual charges and credits shall be separately and clearly identified.  
58

59      The Operator may make available to Non-Operators any statements and bills required under Section I.2 and/or Section I.3.A (*Advances*  
60       and *Payments by the Parties*) via email, electronic data interchange, internet websites or other equivalent electronic media in lieu of paper  
61       copies. The Operator shall provide the Non-Operators instructions and any necessary information to access and receive the statements and  
62       bills within the timeframes specified herein. A statement or billing shall be deemed as delivered twenty-four (24) hours (exclusive of  
63       weekends and holidays) after the Operator notifies the Non-Operator that the statement or billing is available on the website and/or sent via  
64       email or electronic data interchange transmission. Each Non-Operator individually shall elect to receive statements and billings  
65       electronically, if available from the Operator, or request paper copies. Such election may be changed upon thirty (30) days prior written  
66       notice to the Operator.

**3. ADVANCES AND PAYMENTS BY THE PARTIES**

1 A. Unless otherwise provided for in the Agreement, the Operator may require the Non-Operators to advance their share of the estimated  
2 cash outlay for the succeeding month's operations within fifteen (15) days after receipt of the advance request or by the first day of  
3 the month for which the advance is required, whichever is later. The Operator shall adjust each monthly billing to reflect advances  
4 received from the Non-Operators for such month. If a refund is due, the Operator shall apply the amount to be refunded to the  
5 subsequent month's billing or advance, unless the Non-Operator sends the Operator a written request for a cash refund. The Operator  
6 shall remit the refund to the Non-Operator within fifteen (15) days of receipt of such written request.  
7

8 B. Except as provided below, each Party shall pay its proportionate share of all bills in full within fifteen (15) days of receipt date. If  
9 payment is not made within such time, the unpaid balance shall bear interest compounded monthly at the prime rate published by the  
10 *Wall Street Journal* on the first day of each month the payment is delinquent, plus three percent (3%), per annum, or the maximum  
11 contract rate permitted by the applicable usury Laws governing the Joint Property, whichever is the lesser, plus attorney's fees, court  
12 costs, and other costs in connection with the collection of unpaid amounts. If the *Wall Street Journal* ceases to be published or  
13 discontinues publishing a prime rate, the unpaid balance shall bear interest compounded monthly at the prime rate published by the  
14 Federal Reserve plus three percent (3%), per annum. Interest shall begin accruing on the first day of the month in which the payment  
15 was due. Payment shall not be reduced or delayed as a result of inquiries or anticipated credits unless the Operator has agreed.  
16 Notwithstanding the foregoing, the Non-Operator may reduce payment, provided it furnishes documentation and explanation to the  
17 Operator at the time payment is made, to the extent such reduction is caused by:  
18

19 (1) being billed at an incorrect working interest or Participating Interest that is higher than such Non-Operator's actual working  
20 interest or Participating Interest, as applicable; or  
21 (2) being billed for a project or AFE requiring approval of the Parties under the Agreement that the Non-Operator has not approved  
22 or is not otherwise obligated to pay under the Agreement; or  
23 (3) being billed for a property in which the Non-Operator no longer owns a working interest, provided the Non-Operator has  
24 furnished the Operator a copy of the recorded assignment or letter in-lieu. Notwithstanding the foregoing, the Non-Operator  
25 shall remain responsible for paying bills attributable to the interest it sold or transferred for any bills rendered during the thirty  
26 (30) day period following the Operator's receipt of such written notice; or  
27 (4) charges outside the adjustment period, as provided in Section I.4 (*Adjustments*).  
28

**4. ADJUSTMENTS**

30 A. Payment of any such bills shall not prejudice the right of any Party to protest or question the correctness thereof; however, all bills  
31 and statements, including payout statements, rendered during any calendar year shall conclusively be presumed to be true and correct,  
32 with respect only to expenditures, after twenty-four (24) months following the end of any such calendar year, unless within said  
33 period a Party takes specific detailed written exception thereto making a claim for adjustment. The Operator shall provide a response  
34 to all written exceptions, whether or not contained in an audit report, within the time periods prescribed in Section I.5 (*Expenditure  
35 Audits*).  
36

37 B. All adjustments initiated by the Operator, except those described in items (1) through (4) of this Section I.4.B, are limited to the  
38 twenty-four (24) month period following the end of the calendar year in which the original charge appeared or should have appeared  
39 on the Operator's Joint Account statement or payout statement. Adjustments that may be made beyond the twenty-four (24) month  
40 period are limited to adjustments resulting from the following:  
41

42 (1) a physical inventory of Controllable Material as provided for in Section V (*Inventories of Controllable Material*), or  
43 (2) an offsetting entry (whether in whole or in part) that is the direct result of a specific joint interest audit exception granted by the  
44 Operator relating to another property, or  
45 (3) a government/regulatory audit, or  
46 (4) a working interest ownership or Participating Interest adjustment.  
47

**5. EXPENDITURE AUDITS**

50 A. A Non-Operator, upon written notice to the Operator and all other Non-Operators, shall have the right to audit the Operator's  
51 accounts and records relating to the Joint Account within the twenty-four (24) month period following the end of such calendar year in  
52 which such bill was rendered; however, conducting an audit shall not extend the time for the taking of written exception to and the  
53 adjustment of accounts as provided for in Section I.4 (*Adjustments*). Any Party that is subject to payout accounting under the  
54 Agreement shall have the right to audit the accounts and records of the Party responsible for preparing the payout statements, or of  
55 the Party furnishing information to the Party responsible for preparing payout statements. Audits of payout accounts may include the  
56 volumes of hydrocarbons produced and saved and proceeds received for such hydrocarbons as they pertain to payout accounting  
57 required under the Agreement. Unless otherwise provided in the Agreement, audits of a payout account shall be conducted within the  
58 twenty-four (24) month period following the end of the calendar year in which the payout statement was rendered.  
59

60 Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct a joint audit in a  
61 manner that will result in a minimum of inconvenience to the Operator. The Operator shall bear no portion of the Non-Operators'  
62 audit cost incurred under this paragraph unless agreed to by the Operator. The audits shall not be conducted more than once each year  
63 without prior approval of the Operator, except upon the resignation or removal of the Operator, and shall be made at the expense of  
64 the Non-Operators.  
65

those Non-Operators approving such audit.

The Non-Operator leading the audit (hereinafter “lead audit company”) shall issue the audit report within ninety (90) days after completion of the audit testing and analysis; however, the ninety (90) day time period shall not extend the twenty-four (24) month requirement for taking specific detailed written exception as required in Section I.4.A (*Adjustments*) above. All claims shall be supported with sufficient documentation.

A timely filed written exception or audit report containing written exceptions (hereinafter “written exceptions”) shall, with respect to the claims made therein, preclude the Operator from asserting a statute of limitations defense against such claims, and the Operator hereby waives its right to assert any statute of limitations defense against such claims for so long as any Non-Operator continues to comply with the deadlines for resolving exceptions provided in this Accounting Procedure. If the Non-Operators fail to comply with the additional deadlines in Section I.5.B or I.5.C, the Operator’s waiver of its rights to assert a statute of limitations defense against the claims brought by the Non-Operators shall lapse, and such claims shall then be subject to the applicable statute of limitations, provided that such waiver shall not lapse in the event that the Operator has failed to comply with the deadlines in Section I.5.B or I.5.C.

- B. The Operator shall provide a written response to all exceptions in an audit report within one hundred eighty (180) days after Operator receives such report. Denied exceptions should be accompanied by a substantive response. If the Operator fails to provide substantive response to an exception within this one hundred eighty (180) day period, the Operator will owe interest on that exception or portion thereof, if ultimately granted, from the date it received the audit report. Interest shall be calculated using the rate set forth in Section I.3.B *(Advances and Payments by the Parties)*.
- C. The lead audit company shall reply to the Operator's response to an audit report within ninety (90) days of receipt, and the Operator shall reply to the lead audit company's follow-up response within ninety (90) days of receipt; provided, however, each Non-Operator shall have the right to represent itself if it disagrees with the lead audit company's position or believes the lead audit company is not adequately fulfilling its duties. Unless otherwise provided for in Section I.5.E, if the Operator fails to provide substantive response to an exception within this ninety (90) day period, the Operator will owe interest on that exception or portion thereof, if ultimately granted, from the date it received the audit report. Interest shall be calculated using the rate set forth in Section I.3.B *(Advances and Payments by the Parties)*.
- D. If any Party fails to meet the deadlines in Sections I.5.B or I.5.C or if any audit issues are outstanding fifteen (15) months after Operator receives the audit report, the Operator or any Non-Operator participating in the audit has the right to call a resolution meeting, as set forth in this Section I.5.D or it may invoke the dispute resolution procedures included in the Agreement, if applicable. The meeting will require one month's written notice to the Operator and all Non-Operators participating in the audit. The meeting shall be held at the Operator's office or mutually agreed location, and shall be attended by representatives of the Parties with authority to resolve such outstanding issues. Any Party who fails to attend the resolution meeting shall be bound by any resolution reached at the meeting. The lead audit company will make good faith efforts to coordinate the response and positions of the Non-Operator participants throughout the resolution process; however, each Non-Operator shall have the right to represent itself. Attendees will make good faith efforts to resolve outstanding issues, and each Party will be required to present substantive information supporting its position. A resolution meeting may be held as often as agreed to by the Parties. Issues unresolved at one meeting may be discussed at subsequent meetings until each such issue is resolved.

If the Agreement contains no dispute resolution procedures and the audit issues cannot be resolved by negotiation, the dispute shall be submitted to mediation. In such event, promptly following one Party's written request for mediation, the Parties to the dispute shall choose a mutually acceptable mediator and share the costs of mediation services equally. The Parties shall each have present at the mediation at least one individual who has the authority to settle the dispute. The Parties shall make reasonable efforts to ensure that the mediation commences within sixty (60) days of the date of the mediation request. Notwithstanding the above, any Party may file a lawsuit or complaint (1) if the Parties are unable after reasonable efforts, to commence mediation within sixty (60) days of the date of the mediation request, (2) for statute of limitations reasons, or (3) to seek a preliminary injunction or other provisional judicial relief, if in its sole judgment an injunction or other provisional relief is necessary to avoid irreparable damage or to preserve the status quo. Despite such action, the Parties shall continue to try to resolve the dispute by mediation.

**E.  (Optional Provision – Forfeiture Penalties)**

— (Optional Provision – Non-operators’ Deadlines)

If the Non-Operators fail to meet the deadline in Section I.5.C, any unresolved exceptions that were not addressed by the Non-Operators within one (1) year following receipt of the last substantive response of the Operator shall be deemed to have been withdrawn by the Non-Operators. If the Operator fails to meet the deadlines in Section I.5.B or I.5.C, any unresolved exceptions that were not addressed by the Operator within one (1) year following receipt of the audit report or receipt of the last substantive response of the Non-Operators, whichever is later, shall be deemed to have been granted by the Operator and adjustments shall be made, without interest, to the Joint Account.

## 6. APPROVAL BY PARTIES

## A. GENERAL MATTERS

Where an approval or other agreement of the Parties or Non-Operators is expressly required under other Sections of this Accounting Procedure and if the Agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, the

1 Operator shall notify all Non-Operators of the Operator's proposal and the agreement or approval of a majority in interest of the  
2 Non-Operators shall be controlling on all Non-Operators.

3 This Section I.6.A applies to specific situations of limited duration where a Party proposes to change the accounting for charges from  
4 that prescribed in this Accounting Procedure. This provision does not apply to amendments to this Accounting Procedure, which are  
5 covered by Section I.6.B.

6 **B. AMENDMENTS**

7 If the Agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, this Accounting  
8 Procedure can be amended by an affirmative vote of two (2) or more Parties, one of which is the Operator,  
9 having a combined working interest of at least fifty percent (50 %), which approval shall be binding on all Parties,  
10 provided, however, approval of at least one (1) Non-Operator shall be required.

11 **C. AFFILIATES**

12 For the purpose of administering the voting procedures of Sections I.6.A and I.6.B, if Parties to this Agreement are Affiliates of each  
13 other, then such Affiliates shall be combined and treated as a single Party having the combined working interest or Participating  
14 Interest of such Affiliates.

15 For the purposes of administering the voting procedures in Section I.6.A, if a Non-Operator is an Affiliate of the Operator, votes  
16 under Section I.6.A shall require the majority in interest of the Non-Operator(s) after excluding the interest of the Operator's  
17 Affiliate.

18 **II. DIRECT CHARGES**

19 The Operator shall charge the Joint Account with the following items:

20 **1. RENTALS AND ROYALTIES**

21 Lease rentals and royalties paid by the Operator, on behalf of all Parties, for the Joint Operations.

22 **2. LABOR**

23 A. Salaries and wages, including incentive compensation programs as set forth in COPAS MFI-37 ("Chargeability of Incentive  
24 Compensation Programs"), for:

25 (1) Operator's field employees directly employed On-site in the conduct of Joint Operations,  
26 (2) Operator's employees directly employed on Shore Base Facilities, Offshore Facilities, or other facilities serving the Joint  
27 Property if such costs are not charged under Section II.6 (*Equipment and Facilities Furnished by Operator*) or are not a  
28 function covered under Section III (*Overhead*),  
29 (3) Operator's employees providing First Level Supervision,  
30 (4) Operator's employees providing On-site Technical Services for the Joint Property if such charges are excluded from the  
31 overhead rates in Section III (*Overhead*),  
32 (5) Operator's employees providing Off-site Technical Services for the Joint Property if such charges are excluded from the  
33 overhead rates in Section III (*Overhead*).

34 Charges for the Operator's employees identified in Section II.2.A may be made based on the employee's actual salaries and wages,  
35 or in lieu thereof, a day rate representing the Operator's average salaries and wages of the employee's specific job category.

36 Charges for personnel chargeable under this Section II.2.A who are foreign nationals shall not exceed comparable compensation paid  
37 to an equivalent U.S. employee pursuant to this Section II.2, unless otherwise approved by the Parties pursuant to Section  
38 I.6.A (*General Matters*).

39 B. Operator's cost of holiday, vacation, sickness, and disability benefits, and other customary allowances paid to employees whose  
40 salaries and wages are chargeable to the Joint Account under Section II.2.A, excluding severance payments or other termination  
41 allowances. Such costs under this Section II.2.B may be charged on a "when and as-paid basis" or by "percentage assessment" on the  
42 amount of salaries and wages chargeable to the Joint Account under Section II.2.A. If percentage assessment is used, the rate shall  
43 be based on the Operator's cost experience.

44 C. Expenditures or contributions made pursuant to assessments imposed by governmental authority that are applicable to costs  
45 chargeable to the Joint Account under Sections II.2.A and B.

1       D. Personal Expenses of personnel whose salaries and wages are chargeable to the Joint Account under Section II.2.A when the  
2       expenses are incurred in connection with directly chargeable activities.

3       E. Reasonable relocation costs incurred in transferring to the Joint Property personnel whose salaries and wages are chargeable to the  
4       Joint Account under Section II.2.A. Notwithstanding the foregoing, relocation costs that result from reorganization or merger of a  
5       Party, or that are for the primary benefit of the Operator, shall not be chargeable to the Joint Account. Extraordinary relocation  
6       costs, such as those incurred as a result of transfers from remote locations, such as Alaska or overseas, shall not be charged to the  
7       Joint Account unless approved by the Parties pursuant to Section I.6.A (*General Matters*).

8       F. Training costs as specified in COPAS MFI-35 (“Charging of Training Costs to the Joint Account”) for personnel whose salaries and  
9       wages are chargeable under Section II.2.A. This training charge shall include the wages, salaries, training course cost, and Personal  
10      Expenses incurred during the training session. The training cost shall be charged or allocated to the property or properties directly  
11      benefiting from the training. The cost of the training course shall not exceed prevailing commercial rates, where such rates are  
12      available.

13      G. Operator’s current cost of established plans for employee benefits, as described in COPAS MFI-27 (“Employee Benefits Chargeable  
14      to Joint Operations and Subject to Percentage Limitation”), applicable to the Operator’s labor costs chargeable to the Joint Account  
15      under Sections II.2.A and B based on the Operator’s actual cost not to exceed the employee benefits limitation percentage most  
16      recently recommended by COPAS.

17      H. Award payments to employees, in accordance with COPAS MFI-49 (“Awards to Employees and Contractors”) for personnel whose  
18      salaries and wages are chargeable under Section II.2.A.

23      **3. MATERIAL**

25      Material purchased or furnished by the Operator for use on the Joint Property in the conduct of Joint Operations as provided under Section  
26      IV (*Material Purchases, Transfers, and Dispositions*). Only such Material shall be purchased for or transferred to the Joint Property as  
27      may be required for immediate use or is reasonably practical and consistent with efficient and economical operations. The accumulation  
28      of surplus stocks shall be avoided.

30      **4. TRANSPORTATION**

32      A. Transportation of the Operator’s, Operator’s Affiliate’s, or contractor’s personnel necessary for Joint Operations.

34      B. Transportation of Material between the Joint Property and another property, or from the Operator’s warehouse or other storage point  
35      to the Joint Property, shall be charged to the receiving property using one of the methods listed below. Transportation of Material  
36      from the Joint Property to the Operator’s warehouse or other storage point shall be paid for by the Joint Property using one of the  
37      methods listed below:

39      (1) If the actual trucking charge is less than or equal to the Excluded Amount the Operator may charge actual trucking cost or a  
40      theoretical charge from the Railway Receiving Point to the Joint Property. The basis for the theoretical charge is the per  
41      hundred weight charge plus fuel surcharges from the Railway Receiving Point to the Joint Property. The Operator shall  
42      consistently apply the selected alternative.

44      (2) If the actual trucking charge is greater than the Excluded Amount, the Operator shall charge Equalized Freight. Accessorial  
45      charges such as loading and unloading costs, split pick-up costs, detention, call out charges, and permit fees shall be charged  
46      directly to the Joint Property and shall not be included when calculating the Equalized Freight.

48      **5. SERVICES**

50      The cost of contract services, equipment, and utilities used in the conduct of Joint Operations, except for contract services, equipment, and  
51      utilities covered by Section III (*Overhead*), or Section II.7 (*Affiliates*), or excluded under Section II.9 (*Legal Expense*). Awards paid to  
52      contractors shall be chargeable pursuant to COPAS MFI-49 (“Awards to Employees and Contractors”).

54      The costs of third party Technical Services are chargeable to the extent excluded from the overhead rates under Section III (*Overhead*).

56      **6. EQUIPMENT AND FACILITIES FURNISHED BY OPERATOR**

58      In the absence of a separately negotiated agreement, equipment and facilities furnished by the Operator will be charged as follows:

60      A. The Operator shall charge the Joint Account for use of Operator-owned equipment and facilities, including but not limited to  
61      production facilities, Shore Base Facilities, Offshore Facilities, and Field Offices, at rates commensurate with the costs of ownership  
62      and operation. The cost of Field Offices shall be chargeable to the extent the Field Offices provide direct service to personnel who  
63      are chargeable pursuant to Section II.2.A (*Labor*). Such rates may include labor, maintenance, repairs, other operating expense,  
64      insurance, taxes, depreciation using straight line depreciation method, and interest on gross investment less accumulated depreciation  
65      not to exceed ten percent (10 %) per annum; provided, however, depreciation shall not be charged when the

1 equipment and facilities investment have been fully depreciated. The rate may include an element of the estimated cost for  
2 abandonment, reclamation, and dismantlement. Such rates shall not exceed the average commercial rates currently prevailing in the  
3 immediate area of the Joint Property.

4

5 B. In lieu of charges in Section II.6.A above, the Operator may elect to use average commercial rates prevailing in the immediate area  
6 of the Joint Property, less twenty percent (20%). If equipment and facilities are charged under this Section II.6.B, the Operator shall  
7 adequately document and support commercial rates and shall periodically review and update the rate and the supporting  
8 documentation. For automotive equipment, the Operator may elect to use rates published by the Petroleum Motor Transport  
9 Association (PMTA) or such other organization recognized by COPAS as the official source of rates.

10 **7. AFFILIATES**

11

12 A. Charges for an Affiliate's goods and/or services used in operations requiring an AFE or other authorization from the Non-Operators  
13 may be made without the approval of the Parties provided (i) the Affiliate is identified and the Affiliate goods and services are  
14 specifically detailed in the approved AFE or other authorization, and (ii) the total costs for such Affiliate's goods and services billed  
15 to such individual project do not exceed \$ 50,000.00. If the total costs for an Affiliate's goods and services charged to such  
16 individual project are not specifically detailed in the approved AFE or authorization or exceed such amount, charges for such  
17 Affiliate shall require approval of the Parties, pursuant to Section I.6.A (*General Matters*).

18

19 B. For an Affiliate's goods and/or services used in operations not requiring an AFE or other authorization from the Non-Operators,  
20 charges for such Affiliate's goods and services shall require approval of the Parties, pursuant to Section I.6.A (*General Matters*), if the  
21 charges exceed \$ 50,000.00 in a given calendar year.

22

23 C. The cost of the Affiliate's goods or services shall not exceed average commercial rates prevailing in the area of the Joint Property,  
24 unless the Operator obtains the Non-Operators' approval of such rates. The Operator shall adequately document and support  
25 commercial rates and shall periodically review and update the rate and the supporting documentation; provided, however,  
26 documentation of commercial rates shall not be required if the Operator obtains Non-Operator approval of its Affiliate's rates or  
27 charges prior to billing Non-Operators for such Affiliate's goods and services. Notwithstanding the foregoing, direct charges for  
28 Affiliate-owned communication facilities or systems shall be made pursuant to Section II.12 (*Communications*).

29

30 If the Parties fail to designate an amount in Sections II.7.A or II.7.B, in each instance the amount deemed adopted by the Parties as a  
31 result of such omission shall be the amount established as the Operator's expenditure limitation in the Agreement. If the Agreement  
32 does not contain an Operator's expenditure limitation, the amount deemed adopted by the Parties as a result of such omission shall be  
33 zero dollars (\$ 0.00).

34 **8. DAMAGES AND LOSSES TO JOINT PROPERTY**

35 All costs or expenses necessary for the repair or replacement of Joint Property resulting from damages or losses incurred, except to the  
36 extent such damages or losses result from a Party's or Parties' gross negligence or willful misconduct, in which case such Party or Parties  
37 shall be solely liable.

38 The Operator shall furnish the Non-Operator written notice of damages or losses incurred as soon as practicable after a report has been  
39 received by the Operator.

40 **9. LEGAL EXPENSE**

41 Recording fees and costs of handling, settling, or otherwise discharging litigation, claims, and liens incurred in or resulting from  
42 operations under the Agreement, or necessary to protect or recover the Joint Property, to the extent permitted under the Agreement. Costs  
43 of the Operator's or Affiliate's legal staff or outside attorneys, including fees and expenses, are not chargeable unless approved by the  
44 Parties pursuant to Section I.6.A (*General Matters*) or otherwise provided for in the Agreement.

45 Notwithstanding the foregoing paragraph, costs for procuring abstracts, fees paid to outside attorneys for title examinations (including  
46 preliminary, supplemental, shut-in royalty opinions, division order title opinions), and curative work shall be chargeable to the extent  
47 permitted as a direct charge in the Agreement.

48 **10. TAXES AND PERMITS**

49 All taxes and permitting fees of every kind and nature, assessed or levied upon or in connection with the Joint Property, or the production  
50 therefrom, and which have been paid by the Operator for the benefit of the Parties, including penalties and interest, except to the extent the  
51 penalties and interest result from the Operator's gross negligence or willful misconduct.

52 If ad valorem taxes paid by the Operator are based in whole or in part upon separate valuations of each Party's working interest, then  
53 notwithstanding any contrary provisions, the charges to the Parties will be made in accordance with the tax value generated by each Party's  
54 working interest.

1 Costs of tax consultants or advisors, the Operator's employees, or Operator's Affiliate employees in matters regarding ad valorem or other  
2 tax matters, are not permitted as direct charges unless approved by the Parties pursuant to Section I.6.A (*General Matters*).  
3

4 Charges to the Joint Account resulting from sales/use tax audits, including extrapolated amounts and penalties and interest, are permitted,  
5 provided the Non-Operator shall be allowed to review the invoices and other underlying source documents which served as the basis for  
6 tax charges and to determine that the correct amount of taxes were charged to the Joint Account. If the Non-Operator is not permitted to  
7 review such documentation, the sales/use tax amount shall not be directly charged unless the Operator can conclusively document the  
8 amount owed by the Joint Account.  
9

## 10 **11. INSURANCE**

11 Net premiums paid for insurance required to be carried for Joint Operations for the protection of the Parties. If Joint Operations are  
12 conducted at locations where the Operator acts as self-insurer in regard to its worker's compensation and employer's liability insurance  
13 obligation, the Operator shall charge the Joint Account manual rates for the risk assumed in its self-insurance program as regulated by the  
14 jurisdiction governing the Joint Property. In the case of offshore operations in federal waters, the manual rates of the adjacent state shall be  
15 used for personnel performing work On-site, and such rates shall be adjusted for offshore operations by the U.S. Longshoreman and  
16 Harbor Workers (USL&H) or Jones Act surcharge, as appropriate.  
17

## 18 **19. COMMUNICATIONS**

20 Costs of acquiring, leasing, installing, operating, repairing, and maintaining communication facilities or systems, including satellite, radio  
21 and microwave facilities, between the Joint Property and the Operator's office(s) directly responsible for field operations in accordance  
22 with the provisions of COPAS MFI-44 ("Field Computer and Communication Systems"). If the communications facilities or systems  
23 serving the Joint Property are Operator-owned, charges to the Joint Account shall be made as provided in Section II.6 (*Equipment and*  
24 *Facilities Furnished by Operator*). If the communication facilities or systems serving the Joint Property are owned by the Operator's  
25 Affiliate, charges to the Joint Account shall not exceed average commercial rates prevailing in the area of the Joint Property. The Operator  
26 shall adequately document and support commercial rates and shall periodically review and update the rate and the supporting  
27 documentation.  
28

## 29 **30. ECOLOGICAL, ENVIRONMENTAL, AND SAFETY**

31 Costs incurred for Technical Services and drafting to comply with ecological, environmental and safety Laws or standards recommended by  
32 Occupational Safety and Health Administration (OSHA) or other regulatory authorities. All other labor and functions incurred for  
33 ecological, environmental and safety matters, including management, administration, and permitting, shall be covered by Sections II.2  
34 (*Labor*), II.5 (*Services*), or Section III (*Overhead*), as applicable.  
35

36 Costs to provide or have available pollution containment and removal equipment plus actual costs of control and cleanup and resulting  
37 responsibilities of oil and other spills as well as discharges from permitted outfalls as required by applicable Laws, or other pollution  
38 containment and removal equipment deemed appropriate by the Operator for prudent operations, are directly chargeable.  
39

## 40 **41. ABANDONMENT AND RECLAMATION**

42 Costs incurred for abandonment and reclamation of the Joint Property, including costs required by lease agreements or by Laws.  
43

## 44 **45. OTHER EXPENDITURES**

46 Any other expenditure not covered or dealt with in the foregoing provisions of this Section II (*Direct Charges*), or in Section III  
47 (*Overhead*) and which is of direct benefit to the Joint Property and is incurred by the Operator in the necessary and proper conduct of the  
48 Joint Operations. Charges made under this Section II.15 shall require approval of the Parties, pursuant to Section I.6.A (*General Matters*).  
49

## 51 **52. III. OVERHEAD**

53 As compensation for costs not specifically identified as chargeable to the Joint Account pursuant to Section II (*Direct Charges*), the Operator  
54 shall charge the Joint Account in accordance with this Section III.  
55

56 Functions included in the overhead rates regardless of whether performed by the Operator, Operator's Affiliates or third parties and regardless  
57 of location, shall include, but not be limited to, costs and expenses of:  
58

- 59 • warehousing, other than for warehouses that are jointly owned under this Agreement
- 60 • design and drafting (except when allowed as a direct charge under Sections II.13, III.1.A(ii), and III.2, Option B)
- 61 • inventory costs not chargeable under Section V (*Inventories of Controllable Material*)
- 62 • procurement
- 63 • administration
- 64 • accounting and auditing
- 65 • gas dispatching and gas chart integration

1     • human resources  
2     • management  
3     • supervision not directly charged under Section II.2 (*Labor*)  
4     • legal services not directly chargeable under Section II.9 (*Legal Expense*)  
5     • taxation, other than those costs identified as directly chargeable under Section II.10 (*Taxes and Permits*)  
6     • preparation and monitoring of permits and certifications; preparing regulatory reports; appearances before or meetings with  
7     governmental agencies or other authorities having jurisdiction over the Joint Property, other than On-site inspections; reviewing,  
8     interpreting, or submitting comments on or lobbying with respect to Laws or proposed Laws.

9     Overhead charges shall include the salaries or wages plus applicable payroll burdens, benefits, and Personal Expenses of personnel performing  
10    overhead functions, as well as office and other related expenses of overhead functions.  
11

12   **1. OVERHEAD—DRILLING AND PRODUCING OPERATIONS**  
13

14   As compensation for costs incurred but not chargeable under Section II (*Direct Charges*) and not covered by other provisions of this  
15   Section III, the Operator shall charge on either:  
16

17     **(Alternative 1)** Fixed Rate Basis, Section III.1.B.  
18     **(Alternative 2)** Percentage Basis, Section III.1.C.  
19

20   **A. TECHNICAL SERVICES**  
21

22   (i) Except as otherwise provided in Section II.13 (*Ecological, Environmental, and Safety*) and Section III.2 (*Overhead – Major  
23   Construction and Catastrophe*), or by approval of the Parties pursuant to Section I.6.A (*General Matters*), the salaries, wages,  
24   related payroll burdens and benefits, and Personal Expenses for **On-site** Technical Services, including third party Technical  
25   Services:  
26

27     **(Alternative 1 – Direct)** shall be charged direct to the Joint Account.  
28

29     **(Alternative 2 – Overhead)** shall be covered by the overhead rates.  
30

31   (ii) Except as otherwise provided in Section II.13 (*Ecological, Environmental, and Safety*) and Section III.2 (*Overhead – Major  
32   Construction and Catastrophe*), or by approval of the Parties pursuant to Section I.6.A (*General Matters*), the salaries, wages,  
33   related payroll burdens and benefits, and Personal Expenses for **Off-site** Technical Services, including third party Technical  
34   Services:  
35

36     **(Alternative 1 – All Overhead)** shall be covered by the overhead rates.  
37

38     **(Alternative 2 – All Direct)** shall be charged direct to the Joint Account.  
39

40     **(Alternative 3 – Drilling Direct)** shall be charged direct to the Joint Account, only to the extent such Technical Services  
41    are directly attributable to drilling, redrilling, deepening, or sidetracking operations, through completion, temporary  
42    abandonment, or abandonment if a dry hole. Off-site Technical Services for all other operations, including workover,  
43    recompletion, abandonment of producing wells, and the construction or expansion of fixed assets not covered by Section  
44    III.2 (*Overhead - Major Construction and Catastrophe*) shall be covered by the overhead rates.  
45

46   Notwithstanding anything to the contrary in this Section III, Technical Services provided by Operator's Affiliates are subject to limitations  
47   set forth in Section II.7 (*Affiliates*). Charges for Technical personnel performing non-technical work shall not be governed by this Section  
48   III.1.A, but instead governed by other provisions of this Accounting Procedure relating to the type of work being performed.  
49

50   **B. OVERHEAD—FIXED RATE BASIS**  
51

52   (1) The Operator shall charge the Joint Account at the following rates per well per month:  
53

54    Drilling Well Rate per month \$ 25,000 (prorated for less than a full month)  
55

56    Producing Well Rate per month \$ 2,500  
57

58   (2) Application of Overhead—Drilling Well Rate shall be as follows:  
59

60    (a) Charges for onshore drilling wells shall begin on the spud date and terminate on the date the drilling and/or completion  
61    equipment used on the well is released, whichever occurs later. Charges for offshore and inland waters drilling wells shall  
62    begin on the date the drilling or completion equipment arrives on location and terminate on the date the drilling or completion  
63    equipment moves off location, or is released, whichever occurs first. No charge shall be made during suspension of drilling  
64    and/or completion operations for fifteen (15) or more consecutive calendar days.  
65

- (b) Charges for any well undergoing any type of workover, recompletion, and/or abandonment for a period of five (5) or more consecutive work-days shall be made at the Drilling Well Rate. Such charges shall be applied for the period from date operations, with rig or other units used in operations, commence through date of rig or other unit release, except that no charges shall be made during suspension of operations for fifteen (15) or more consecutive calendar days.
- (3) Application of Overhead—Producing Well Rate shall be as follows:
  - (a) An active well that is produced, injected into for recovery or disposal, or used to obtain water supply to support operations for any portion of the month shall be considered as a one-well charge for the entire month.
  - (b) Each active completion in a multi-completed well shall be considered as a one-well charge provided each completion is considered a separate well by the governing regulatory authority.
  - (c) A one-well charge shall be made for the month in which plugging and abandonment operations are completed on any well, unless the Drilling Well Rate applies, as provided in Sections III.1.B.(2)(a) or (b). This one-well charge shall be made whether or not the well has produced.
  - (d) An active gas well shut in because of overproduction or failure of a purchaser, processor, or transporter to take production shall be considered as a one-well charge provided the gas well is directly connected to a permanent sales outlet.
  - (e) Any well not meeting the criteria set forth in Sections III.1.B.(3) (a), (b), (c), or (d) shall not qualify for a producing overhead charge.
- (4) The well rates shall be adjusted on the first day of April each year following the effective date of the Agreement; provided, however, if this Accounting Procedure is attached to or otherwise governing the payout accounting under a farmout agreement, the rates shall be adjusted on the first day of April each year following the effective date of such farmout agreement. The adjustment shall be computed by applying the adjustment factor most recently published by COPAS. The adjusted rates shall be the initial or amended rates agreed to by the Parties increased or decreased by the adjustment factor described herein, for each year from the effective date of such rates, in accordance with COPAS MFI-47 (“Adjustment of Overhead Rates”).

**C. OVERHEAD PERCENTAGE BASIS**

(1) Operator shall charge the Joint Account at the following rates:

(a) Development Rate \_\_\_\_\_ percent (\_\_\_\_\_) % of the cost of development of the Joint Property, exclusive of costs provided under Section II.9 (*Legal Expense*) and all Material salvage credits.

(b) Operating Rate \_\_\_\_\_ percent (\_\_\_\_\_) % of the cost of operating the Joint Property, exclusive of costs provided under Sections II.1 (*Rentals and Royalties*) and II.9 (*Legal Expense*); all Material salvage credits; the value of substances purchased for enhanced recovery; all property and ad valorem taxes, and any other taxes and assessments that are levied, assessed, and paid upon the mineral interest in and to the Joint Property.

(2) Application of Overhead—Percentage Basis shall be as follows:

(a) The Development Rate shall be applied to all costs in connection with:

[i] drilling, redrilling, sidetracking, or deepening of a well

[ii] a well undergoing plugback or workover operations for a period of five (5) or more consecutive work days

[iii] preliminary expenditures necessary in preparation for drilling

[iv] expenditures incurred in abandoning when the well is not completed as a producer

[v] construction or installation of fixed assets, the expansion of fixed assets and any other project clearly discernible as a fixed asset, other than Major Construction or Catastrophe as defined in Section III.2 (*Overhead Major Construction and Catastrophe*).

(b) The Operating Rate shall be applied to all other costs in connection with Joint Operations, except those subject to Section III.2 (*Overhead Major Construction and Catastrophe*).

## 2. OVERHEAD—MAJOR CONSTRUCTION AND CATASTROPHE

To compensate the Operator for overhead costs incurred in connection with a Major Construction project or Catastrophe, the Operator shall either negotiate a rate prior to the beginning of the project, or shall charge the Joint Account for overhead based on the following rates for any Major Construction project in excess of the Operator's expenditure limit under the Agreement, or for any Catastrophe regardless of the amount. If the Agreement to which this Accounting Procedure is attached does not contain an expenditure limit, Major Construction Overhead shall be assessed for any single Major Construction project costing in excess of \$100,000 gross.

1 Major Construction shall mean the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly  
2 discernible as a fixed asset required for the development and operation of the Joint Property, or in the dismantlement, abandonment,  
3 removal, and restoration of platforms, production equipment, and other operating facilities.

4 Catastrophe is defined as a sudden calamitous event bringing damage, loss, or destruction to property or the environment, such as an oil  
5 spill, blowout, explosion, fire, storm, hurricane, or other disaster. The overhead rate shall be applied to those costs necessary to restore the  
6 Joint Property to the equivalent condition that existed prior to the event.  
7

8 A. If the Operator absorbs the engineering, design and drafting costs related to the project:  
9

10 (1) 5.00 % of total costs if such costs are less than \$100,000; plus  
11

12 (2) 3.00 % of total costs in excess of \$100,000 but less than \$1,000,000; plus  
13

14 (3) 2.00 % of total costs in excess of \$1,000,000.  
15

16 B. If the Operator charges engineering, design and drafting costs related to the project directly to the Joint Account:  
17

18 (1) 5.00 % of total costs if such costs are less than \$100,000; plus  
19

20 (2) 3.00 % of total costs in excess of \$100,000 but less than \$1,000,000; plus  
21

22 (3) 2.00 % of total costs in excess of \$1,000,000.  
23

24 Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single Major  
25 Construction project shall not be treated separately, and the cost of drilling and workover wells and purchasing and installing pumping  
26 units and downhole artificial lift equipment shall be excluded. For Catastrophes, the rates shall be applied to all costs associated with each  
27 single occurrence or event.  
28

29 On each project, the Operator shall advise the Non-Operator(s) in advance which of the above options shall apply.  
30

31 For the purposes of calculating Catastrophe Overhead, the cost of drilling relief wells, substitute wells, or conducting other well operations  
32 directly resulting from the catastrophic event shall be included. Expenditures to which these rates apply shall not be reduced by salvage or  
33 insurance recoveries. Expenditures that qualify for Major Construction or Catastrophe Overhead shall not qualify for overhead under any  
34 other overhead provisions.  
35

36 In the event of any conflict between the provisions of this Section III.2 and the provisions of Sections II.2 (*Labor*), II.5 (*Services*), or II.7  
37 (*Affiliates*), the provisions of this Section III.2 shall govern.  
38

### 39 **3. AMENDMENT OF OVERHEAD RATES** 40

41 The overhead rates provided for in this Section III may be amended from time to time if, in practice, the rates are found to be insufficient  
42 or excessive, in accordance with the provisions of Section I.6.B (*Amendments*).  
43

## 45 **IV. MATERIAL PURCHASES, TRANSFERS, AND DISPOSITIONS** 46

47 The Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for direct purchases, transfers, and  
48 dispositions. The Operator shall provide all Material for use in the conduct of Joint Operations; however, Material may be supplied by the Non-  
49 Operators, at the Operator's option. Material furnished by any Party shall be furnished without any express or implied warranties as to quality,  
50 fitness for use, or any other matter.  
51

### 52 **1. DIRECT PURCHASES** 53

54 Direct purchases shall be charged to the Joint Account at the price paid by the Operator after deduction of all discounts received. The  
55 Operator shall make good faith efforts to take discounts offered by suppliers, but shall not be liable for failure to take discounts except to  
56 the extent such failure was the result of the Operator's gross negligence or willful misconduct. A direct purchase shall be deemed to occur  
57 when an agreement is made between an Operator and a third party for the acquisition of Material for a specific well site or location.  
58 Material provided by the Operator under "vendor stocking programs," where the initial use is for a Joint Property and title of the Material  
59 does not pass from the manufacturer, distributor, or agent until usage, is considered a direct purchase. If Material is found to be defective  
60 or is returned to the manufacturer, distributor, or agent for any other reason, credit shall be passed to the Joint Account within sixty (60)  
61 days after the Operator has received adjustment from the manufacturer, distributor, or agent.  
62

1           **2. TRANSFERS**

2           A transfer is determined to occur when the Operator (i) furnishes Material from a storage facility or from another operated property, (ii) has  
3           assumed liability for the storage costs and changes in value, and (iii) has previously secured and held title to the transferred Material.  
4           Similarly, the removal of Material from the Joint Property to a storage facility or to another operated property is also considered a transfer;  
5           provided, however, Material that is moved from the Joint Property to a storage location for safe-keeping pending disposition may remain  
6           charged to the Joint Account and is not considered a transfer. Material shall be disposed of in accordance with Section IV.3 (*Disposition of*  
7           *Surplus*) and the Agreement to which this Accounting Procedure is attached.

8           **A. PRICING**

9           The value of Material transferred to/from the Joint Property should generally reflect the market value on the date of physical transfer.  
10           Regardless of the pricing method used, the Operator shall make available to the Non-Operators sufficient documentation to verify the  
11           Material valuation. When higher than specification grade or size tubulars are used in the conduct of Joint Operations, the Operator  
12           shall charge the Joint Account at the equivalent price for well design specification tubulars, unless such higher specification grade or  
13           sized tubulars are approved by the Parties pursuant to Section I.6.A (*General Matters*). Transfers of new Material will be priced  
14           using one of the following pricing methods; provided, however, the Operator shall use consistent pricing methods, and not alternate  
15           between methods for the purpose of choosing the method most favorable to the Operator for a specific transfer:

16           (1) Using published prices in effect on date of movement as adjusted by the appropriate COPAS Historical Price Multiplier (HPM)  
17           or prices provided by the COPAS Computerized Equipment Pricing System (CEPS).  
18               (a) For oil country tubulars and line pipe, the published price shall be based upon eastern mill carload base prices (Houston,  
19               Texas, for special end) adjusted as of date of movement, plus transportation cost as defined in Section IV.2.B (*Freight*).  
20               (b) For other Material, the published price shall be the published list price in effect at date of movement, as listed by a Supply  
21               Store nearest the Joint Property where like Material is normally available, or point of manufacture plus transportation  
22               costs as defined in Section IV.2.B (*Freight*).  
23           (2) Based on a price quotation from a vendor that reflects a current realistic acquisition cost.  
24           (3) Based on the amount paid by the Operator for like Material in the vicinity of the Joint Property within the previous twelve (12)  
25           months from the date of physical transfer.  
26           (4) As agreed to by the Participating Parties for Material being transferred to the Joint Property, and by the Parties owning the  
27           Material for Material being transferred from the Joint Property.

28           **B. FREIGHT**

29           Transportation costs shall be added to the Material transfer price using the method prescribed by the COPAS Computerized  
30           Equipment Pricing System (CEPS). If not using CEPS, transportation costs shall be calculated as follows:

31           (1) Transportation costs for oil country tubulars and line pipe shall be calculated using the distance from eastern mill to the  
32           Railway Receiving Point based on the carload weight basis as recommended by the COPAS MFI-38 ("Material Pricing  
33           Manual") and other COPAS MFIs in effect at the time of the transfer.  
34           (2) Transportation costs for special mill items shall be calculated from that mill's shipping point to the Railway Receiving Point.  
35           For transportation costs from other than eastern mills, the 30,000-pound interstate truck rate shall be used. Transportation costs  
36           for macaroni tubing shall be calculated based on the interstate truck rate per weight of tubing transferred to the Railway  
37           Receiving Point.  
38           (3) Transportation costs for special end tubular goods shall be calculated using the interstate truck rate from Houston, Texas, to the  
39           Railway Receiving Point.  
40           (4) Transportation costs for Material other than that described in Sections IV.2.B.(1) through (3), shall be calculated from the  
41           Supply Store or point of manufacture, whichever is appropriate, to the Railway Receiving Point

42           Regardless of whether using CEPS or manually calculating transportation costs, transportation costs from the Railway Receiving Point  
43           to the Joint Property are in addition to the foregoing, and may be charged to the Joint Account based on actual costs incurred. All  
44           transportation costs are subject to Equalized Freight as provided in Section II.4 (*Transportation*) of this Accounting Procedure.

45           **C. TAXES**

46           Sales and use taxes shall be added to the Material transfer price using either the method contained in the COPAS Computerized  
47           Equipment Pricing System (CEPS) or the applicable tax rate in effect for the Joint Property at the time and place of transfer. In either  
48           case, the Joint Account shall be charged or credited at the rate that would have governed had the Material been a direct purchase.

1           D. CONDITION

2           (1) Condition "A" – New and unused Material in sound and serviceable condition shall be charged at one hundred percent (100%)  
 3           of the price as determined in Sections IV.2.A (*Pricing*), IV.2.B (*Freight*), and IV.2.C (*Taxes*). Material transferred from the  
 4           Joint Property that was not placed in service shall be credited as charged without gain or loss; provided, however, any unused  
 5           Material that was charged to the Joint Account through a direct purchase will be credited to the Joint Account at the original  
 6           cost paid less restocking fees charged by the vendor. New and unused Material transferred from the Joint Property may be  
 7           credited at a price other than the price originally charged to the Joint Account provided such price is approved by the Parties  
 8           owning such Material, pursuant to Section I.6.A (*General Matters*). All refurbishing costs required or necessary to return the  
 9           Material to original condition or to correct handling, transportation, or other damages will be borne by the divesting property.  
 10           The Joint Account is responsible for Material preparation, handling, and transportation costs for new and unused Material  
 11           charged to the Joint Property either through a direct purchase or transfer. Any preparation costs incurred, including any internal  
 12           or external coating and wrapping, will be credited on new Material provided these services were not repeated for such Material  
 13           for the receiving property.

14

15           (2) Condition "B" – Used Material in sound and serviceable condition and suitable for reuse without reconditioning shall be priced  
 16           by multiplying the price determined in Sections IV.2.A (*Pricing*), IV.2.B (*Freight*), and IV.2.C (*Taxes*) by seventy-five percent  
 17           (75%).

18           Except as provided in Section IV.2.D(3), all reconditioning costs required to return the Material to Condition "B" or to correct  
 19           handling, transportation or other damages will be borne by the divesting property.

20           If the Material was originally charged to the Joint Account as used Material and placed in service for the Joint Property, the  
 21           Material will be credited at the price determined in Sections IV.2.A (*Pricing*), IV.2.B (*Freight*), and IV.2.C (*Taxes*) multiplied  
 22           by sixty-five percent (65%).

23           Unless otherwise agreed to by the Parties that paid for such Material, used Material transferred from the Joint Property that was  
 24           not placed in service on the property shall be credited as charged without gain or loss.

25           (3) Condition "C" – Material that is not in sound and serviceable condition and not suitable for its original function until after  
 26           reconditioning shall be priced by multiplying the price determined in Sections IV.2.A (*Pricing*), IV.2.B (*Freight*), and IV.2.C  
 27           (*Taxes*) by fifty percent (50%).

28           The cost of reconditioning may be charged to the receiving property to the extent Condition "C" value, plus cost of  
 29           reconditioning, does not exceed Condition "B" value.

30           (4) Condition "D" – Material that (i) is no longer suitable for its original purpose but useable for some other purpose, (ii) is  
 31           obsolete, or (iii) does not meet original specifications but still has value and can be used in other applications as a substitute for  
 32           items with different specifications, is considered Condition "D" Material. Casing, tubing, or drill pipe used as line pipe shall be  
 33           priced as Grade A and B seamless line pipe of comparable size and weight. Used casing, tubing, or drill pipe utilized as line  
 34           pipe shall be priced at used line pipe prices. Casing, tubing, or drill pipe used as higher pressure service lines than standard line  
 35           pipe, e.g., power oil lines, shall be priced under normal pricing procedures for casing, tubing, or drill pipe. Upset tubular goods  
 36           shall be priced on a non-upset basis. For other items, the price used should result in the Joint Account being charged or credited  
 37           with the value of the service rendered or use of the Material, or as agreed to by the Parties pursuant to Section 1.6.A (*General  
 38           Matters*).

39           (5) Condition "E" – Junk shall be priced at prevailing scrap value prices.

40           E. OTHER PRICING PROVISIONS

41           (1) Preparation Costs

42           Subject to Section II (*Direct Charges*) and Section III (*Overhead*) of this Accounting Procedure, costs incurred by the Operator  
 43           in making Material serviceable including inspection, third party surveillance services, and other similar services will be charged  
 44           to the Joint Account at prices which reflect the Operator's actual costs of the services. Documentation must be provided to the  
 45           Non-Operators upon request to support the cost of service. New coating and/or wrapping shall be considered a component of  
 46           the Materials and priced in accordance with Sections IV.1 (*Direct Purchases*) or IV.2.A (*Pricing*), as applicable. No charges or  
 47           credits shall be made for used coating or wrapping. Charges and credits for inspections shall be made in accordance with  
 48           COPAS MFI-38 ("Material Pricing Manual").

49           (2) Loading and Unloading Costs

50           Loading and unloading costs related to the movement of the Material to the Joint Property shall be charged in accordance with  
 51           the methods specified in COPAS MFI-38 ("Material Pricing Manual").

1           **3. DISPOSITION OF SURPLUS**

2           Surplus Material is that Material, whether new or used, that is no longer required for Joint Operations. The Operator may purchase, but  
3           shall be under no obligation to purchase, the interest of the Non-Operators in surplus Material.

5           Dispositions for the purpose of this procedure are considered to be the relinquishment of title of the Material from the Joint Property to  
6           either a third party, a Non-Operator, or to the Operator. To avoid the accumulation of surplus Material, the Operator should make good  
7           faith efforts to dispose of surplus within twelve (12) months through buy/sale agreements, trade, sale to a third party, division in kind, or  
8           other dispositions as agreed to by the Parties.

10           Disposal of surplus Materials shall be made in accordance with the terms of the Agreement to which this Accounting Procedure is  
11           attached. If the Agreement contains no provisions governing disposal of surplus Material, the following terms shall apply:

13           • The Operator may, through a sale to an unrelated third party or entity, dispose of surplus Material having a gross sale value that  
14           is less than or equal to the Operator's expenditure limit as set forth in the Agreement to which this Accounting Procedure is  
15           attached without the prior approval of the Parties owning such Material.

17           • If the gross sale value exceeds the Agreement expenditure limit, the disposal must be agreed to by the Parties owning such  
18           Material.

20           • Operator may purchase surplus Condition "A" or "B" Material without approval of the Parties owning such Material, based on  
21           the pricing methods set forth in Section IV.2 (*Transfers*).

23           • Operator may purchase Condition "C" Material without prior approval of the Parties owning such Material if the value of the  
24           Materials, based on the pricing methods set forth in Section IV.2 (*Transfers*), is less than or equal to the Operator's expenditure  
25           limitation set forth in the Agreement. The Operator shall provide documentation supporting the classification of the Material as  
26           Condition C.

28           • Operator may dispose of Condition "D" or "E" Material under procedures normally utilized by Operator without prior approval  
29           of the Parties owning such Material.

31           **4. SPECIAL PRICING PROVISIONS**

33           **A. PREMIUM PRICING**

35           Whenever Material is available only at inflated prices due to national emergencies, strikes, government imposed foreign trade  
36           restrictions, or other unusual causes over which the Operator has no control, for direct purchase the Operator may charge the Joint  
37           Account for the required Material at the Operator's actual cost incurred in providing such Material, making it suitable for use, and  
38           moving it to the Joint Property. Material transferred or disposed of during premium pricing situations shall be valued in accordance  
39           with Section IV.2 (*Transfers*) or Section IV.3 (*Disposition of Surplus*), as applicable.

41           **B. SHOP-MADE ITEMS**

43           Items fabricated by the Operator's employees, or by contract laborers under the direction of the Operator, shall be priced using the  
44           value of the Material used to construct the item plus the cost of labor to fabricate the item. If the Material is from the Operator's  
45           scrap or junk account, the Material shall be priced at either twenty-five percent (25%) of the current price as determined in Section  
46           IV.2.A (*Pricing*) or scrap value, whichever is higher. In no event shall the amount charged exceed the value of the item  
47           commensurate with its use.

49           **C. MILL REJECTS**

51           Mill rejects purchased as "limited service" casing or tubing shall be priced at eighty percent (80%) of K-55/J-55 price as determined in  
52           Section IV.2 (*Transfers*). Line pipe converted to casing or tubing with casing or tubing couplings attached shall be priced as K-55/J-  
53           55 casing or tubing at the nearest size and weight.

56           **V. INVENTORIES OF CONTROLLABLE MATERIAL**

59           The Operator shall maintain records of Controllable Material charged to the Joint Account, with sufficient detail to perform physical inventories.

61           Adjustments to the Joint Account by the Operator resulting from a physical inventory of Controllable Material shall be made within twelve (12)  
62           months following the taking of the inventory or receipt of Non-Operator inventory report. Charges and credits for overages or shortages will be  
63           valued for the Joint Account in accordance with Section IV.2 (*Transfers*) and shall be based on the Condition "B" prices in effect on the date of  
64           physical inventory unless the inventorying Parties can provide sufficient evidence another Material condition applies.

1      **1. DIRECTED INVENTORIES**

2      Physical inventories shall be performed by the Operator upon written request of a majority in working interests of the Non-Operators  
3      (hereinafter, "directed inventory"); provided, however, the Operator shall not be required to perform directed inventories more frequently  
4      than once every five (5) years. Directed inventories shall be commenced within one hundred eighty (180) days after the Operator receives  
5      written notice that a majority in interest of the Non-Operators has requested the inventory. All Parties shall be governed by the results of  
6      any directed inventory.

7      Expenses of directed inventories will be borne by the Joint Account; provided, however, costs associated with any post-report follow-up  
8      work in settling the inventory will be absorbed by the Party incurring such costs. The Operator is expected to exercise judgment in keeping  
9      expenses within reasonable limits. Any anticipated disproportionate or extraordinary costs should be discussed and agreed upon prior to  
10     commencement of the inventory. Expenses of directed inventories may include the following:

11     A. A per diem rate for each inventory person, representative of actual salaries, wages, and payroll burdens and benefits of the personnel  
12      performing the inventory or a rate agreed to by the Parties pursuant to Section I.6.A (*General Matters*). The per diem rate shall also  
13      be applied to a reasonable number of days for pre-inventory work and report preparation.

14     B. Actual transportation costs and Personal Expenses for the inventory team.

15     C. Reasonable charges for report preparation and distribution to the Non-Operators.

16      **2. NON-DIRECTED INVENTORIES**

17      A. OPERATOR INVENTORIES

18      Physical inventories that are not requested by the Non-Operators may be performed by the Operator, at the Operator's discretion. The  
19      expenses of conducting such Operator-initiated inventories shall not be charged to the Joint Account.

20      B. NON-OPERATOR INVENTORIES

21      Subject to the terms of the Agreement to which this Accounting Procedure is attached, the Non-Operators may conduct a physical  
22      inventory at reasonable times at their sole cost and risk after giving the Operator at least ninety (90) days prior written notice. The  
23      Non-Operator inventory report shall be furnished to the Operator in writing within ninety (90) days of completing the inventory  
24      fieldwork.

25      C. SPECIAL INVENTORIES

26      The expense of conducting inventories other than those described in Sections V.1 (*Directed Inventories*), V.2.A (*Operator  
27      Inventories*), or V.2.B (*Non-Operator Inventories*), shall be charged to the Party requesting such inventory; provided, however,  
28      inventories required due to a change of Operator shall be charged to the Joint Account in the same manner as described in Section  
29      V.1 (*Directed Inventories*).

## EXHIBIT "D"

1. Operator shall procure and maintain, at all times while conducting operations under this Agreement, the following insurance coverages with limits not less than those specified below:

A. Workers' Compensation Employer's Liability	Statutory \$1,000,000 Each Accident
B. General Liability including bodily injury and property damage liability	\$5,000,000 Combined Single Limit
C. Auto Liability	\$1,000,000 Combined Single Limit
D. Excess or Umbrella Liability	\$20,000,000 Combined Single Limit
E. Cost of Well Control and Care, Custody and Control	\$5,000,000 Each Occurrence and \$250,000 CCC
F. Pollution Liability	\$20,000,000 Combined Single Limit

2. The insurance described in 1. above shall include Non-Operator as additional insured (except Workers' Compensation) and shall include a waiver by the insurer of all rights of subrogation in favor of Non-Operator. Such insurance shall be carried at the joint expense of the parties hereto and all premiums and other costs and expenses related thereto shall be charged to the Joint Account in accordance with the Accounting Procedure attached as Exhibit "C" to this Agreement, unless prior to spud a party hereto who desires to provide its own insurance or self-insurance provides Operator with a certificate of insurance evidencing such individual coverage.

3. Operator shall endeavor to have its contractors and subcontractors comply with applicable Workers' Compensation laws, rules and regulations and carry such insurance as Operator may deem necessary.

4. Operator shall not be liable to Non-Operator for loss suffered because of insufficiency of the insurance procured and maintained for the Joint Account nor shall Operator be liable to Non-Operator for any loss occurring by reason of Operator's inability to procure or maintain the insurance provided for herein. If, in Operator's opinion, at any time during the term of this Agreement, Operator is unable to procure or maintain said insurance on commercially reasonable terms, or Operator reduces the limits of insurance, Operator shall promptly so notify Non-Operator in writing.

5. In the event of loss not covered by the insurance provided for herein, such loss shall be charged to the Joint Account and borne by the parties in accordance with their respective percentage of participation as determined by this Agreement.

6. Any party hereto may individually and at its own expense procure such additional insurance as it desires; provided, however, such party shall provide Operator with a certificate of insurance evidencing such coverage before spud of the well and such coverage shall include a waiver by the insurer of all rights of subrogation in favor of the parties hereto.

End of Exhibit "D"

## EXHIBIT "E"

### **Gas Balancing Agreement**

#### **I. DEFINITIONS:**

For the purposes of this Gas Balancing Agreement ("GBA") the following terms shall be defined as follows:

- (a) "Affiliate" shall have the meaning ascribed to such term in the Operating Agreement.
- (b) The "Allowable" is the maximum rate of Gas production from each Gas Well permitted from time to time by the regulatory authority having jurisdiction.
- (c) "Balance" is the condition occurring when a party has utilized, sold or disposed of a Quantity of Gas equal to the same percentage of the cumulative Gas production as such party's Percentage Ownership during the period of such cumulative Gas production.
- (d) "Deliverability" shall mean the maximum sustainable daily Gas withdrawal from a Gas Well which may be accomplished without detriment to ultimate recovery of reserves as determined by Operator acting in good faith and taking into account relevant operational factors including, but not limited to, pipeline capacity and pressure and the maximum producing capability of the Gas Well based on data reported to the appropriate governmental agency having jurisdiction.
- (e) "Gas" shall mean all gaseous hydrocarbons produced from each Gas Well but shall not include liquid hydrocarbons.
- (f) "Gas Well" shall mean each well subject to the Operating Agreement that produces gas. If a single Gas Well is completed in two or more reservoirs, such Gas Well will be considered a separate Gas Well with respect to, but only as to, each reservoir from which the Gas production is not commingled in the well bore.
- (g) "MMBtu" shall mean one million British thermal units.
- (h) "Operating Agreement" means the operating agreement between the Parties to which this GBA is attached.
- (i) "Operator" means the Party designated as operator under the Operating Agreement.
- (j) "Overproduced" is the condition occurring when a party has utilized, disposed of or sold a greater Quantity of Gas from a particular Gas Well at any given time (individually or through its gas purchaser) than if such party were in Balance.
- (k) "parties" means the legal entities that are signatory to the Operating Agreement, or their successors and assigns. Parties shall be referred to individually as a party.
- (l) "Percentage Ownership" is the percentage interest of each party in each Gas Well as set forth in or determined in accordance with the provisions of the Operating Agreement, as such interest may change from time to time.
- (m) "Percentage of Proceeds Sale" means a sale of Gas processed in a gas processing plant the price for which is computed as a percentage of the proceeds from the resale of residue gas and natural gas liquids attributable to such Gas.
- (n) "Quantity" shall mean the number of units of Gas expressed in MMBtus.

(o) "Underproduced" is the condition occurring when a party has utilized, disposed of or sold a lesser Quantity of Gas from a particular Well at any given time (individually or through its gas purchaser) than if such party were in Balance.

## **II. APPLICATION OF THIS AGREEMENT**

The provisions of this GBA shall be separately applicable to each Gas Well to the end that Gas production from one Gas Well may not be utilized for the purposes of balancing underproduction of Gas from any other Gas Well.

## **III. OVERPRODUCTION**

### **A. Right to Take All Gas Produced**

Subject to the other provisions herein, during any period when any party hereto is not marketing or otherwise disposing of or utilizing its Percentage Ownership of the Allowable or Deliverability, as applicable, of Gas from any Gas Well, the other parties shall be entitled--but shall not have the obligation--to take, in addition to their own Percentage Ownership of Gas, that portion of such other party's Percentage Ownership of Gas which said party is not marketing, utilizing or otherwise disposing of, and shall be entitled to take such Gas production and deliver same to its or their purchasers in accordance with the provisions herein. Each such taking party shall have the right to take its pro rata portion of each such non-taking party's share, said pro rata portion being based on the ratio of its Percentage Ownership to the Percentage Ownership of all parties in the same balancing status (either Overproduced or Underproduced) who elect to take such non-taking party's share of gas; provided, however, an Underproduced party desiring to take a non-taking party's share of Gas shall take precedence over an Overproduced party which wishes to take such non-taking party's Gas, and an Overproduced party shall be entitled to take a non-taking party's share of Gas only to the extent that an Underproduced party has elected not to take said Gas. The Gas of a party not taking its production shall be allocated to a taking party hereunder prior to calculation of percentage entitlement to make up Gas from an Overproduced party under Article IV, below.

Notwithstanding the foregoing, all parties shall share in and own the liquid hydrocarbons recovered from Gas by primary separation equipment in accordance with their respective Percentage Ownership, which liquid hydrocarbon ownership shall be unaffected by this GBA. One or more parties may arrange to have their Gas processed in a gas processing plant for the recovery of liquefiable hydrocarbons. Nothing in this GBA shall afford a basis for balancing any liquefiable hydrocarbons recovered from a Gas processing plant. Each party taking Gas shall own all of the Gas delivered to its purchaser.

### **B. Limitation on Overproduced Party's Right to Take Gas**

Notwithstanding the provisions of Article III.A., above, if during any time and from time to time an Overproduced party shall have taken more than one hundred percent (100%) of such party's Percentage Ownership share of the estimated ultimate recoverable reserves for a Gas Well as determined by Operator acting in good faith, said Overproduced party shall not, after receipt of written notice of said fact from Operator, be entitled to take, sell or otherwise dispose of Gas from such Gas Well until such time as said party is no longer Overproduced; provided, however, said Overproduced party may take Gas from such Gas Well without restriction if and for so long as the other parties are not taking Gas from such Gas Well their full share of the Gas or as otherwise authorized by all of the Underproduced parties. Also, no Overproduced party shall at any time be entitled to take, sell or otherwise dispose of more than 300% of its Percentage Ownership of the Allowable from a Gas Well or, if there is no Allowable established, of the Deliverability of a Gas Well.

C. Credit For Gas in Storage

Each party who markets less than its Percentage Ownership of the Gas produced shall be credited with Gas in storage equal to its Percentage Ownership share of the Gas produced, less the Gas actually marketed and taken by said party, and less such Party's Percentage Ownership share of the Gas, vented, used or lost in lease operations.

IV. RIGHT OF UNDERPRODUCED PARTY TO MAKE UP PRODUCTION

Any Underproduced party may commence making up its underproduction provided it has given written notice to the Operator not later than the fifth day of the month preceding the month in which it wishes to commence making up its underproduction, or within such other time as Operator may from time to time reasonably establish.

In addition to its Percentage Ownership and its rights to a non-taking party's Gas under Article III, above, each Underproduced party will be entitled to take up to an additional twenty-five percent (25%) of the monthly Quantity of each Overproduced party's Percentage Ownership in Gas produced during any month; provided, however, nothing in this Article IV shall reduce the right of any Overproduced party to take a Quantity of Gas available for sale during any month less than seventy-five percent (75%) of its Percentage Ownership in Gas produced in said month.

If at any time more than one Underproduced party is taking a Quantity of Gas in excess of its Percentage Ownership in Gas production in order to balance its Gas production account ("Makeup"), then each such Underproduced party shall be entitled to take such Makeup in proportion that its Percentage Ownership bears to the total Percentage Ownership of all Underproduced parties desiring to take Makeup from the Well. Any portion of the Makeup to which an Underproduced party is entitled and which is not taken by such Underproduced party may be taken by any other Underproduced party in the proportion that its Percentage Ownership bears to the total Percentage Ownership of all Underproduced parties desiring to take such untaken portion of Makeup.

V. MONTHLY DATA AND STATEMENTS TO BE PROVIDED

The Operator will establish and maintain a current Gas account which shows the Gas balance which exists for all the parties and will furnish each of these parties a monthly statement showing the total Quantity of Gas sold and taken in kind and the current and cumulative over and under account of each party within ninety (90) days following the end of each applicable month. Operator shall not incur any liability to any party for errors in the data provided by each party or third parties or for other matters pertaining to gas balancing statements (e.g., transporter's allocation of Gas). Each party shall be responsible for promptly providing written notification to Operator of any error(s) or inaccuracy(ies) contained in any gas balancing statement which it receives.

VI. PAYMENT OF ROYALTIES AND PRODUCTION TAXES

At all times while Gas is produced from a Well, each party hereto will make, or cause to be made, settlement with respective royalty owners to whom each is accountable in accordance with the actual volumes of Gas taken by such party. Upon written request from any party, any other party shall provide on a monthly basis, any additional information which such requesting party may require in order to comply with its obligation to pay royalty pursuant to the terms hereof including, without limitation, name, address, decimal interest, tax identification and, to the extent it has same, title opinions and abstracts of ownership. The term "royalty owner" includes owners of royalty, overriding royalties, production payments and similar interests. Each party agrees to indemnify and hold harmless each other party from any and all claims asserted by its royalty owners and its Gas Purchasers for which said indemnifying party is responsible. Each party producing and/or delivering Gas to its purchaser shall pay, or cause to be paid, any and all production, severance and other similar taxes due on such Gas in accordance with the actual volumes of Gas taken by such party.

## VII. CASH SETTLEMENTS

### A. Events Occasioning Cash Settlements

A cash settlement of any imbalance of Gas production: (i) shall be made when production from a Gas Well permanently ceases or the Operating Agreement otherwise terminates (each being referred to herein as "Termination"); and (ii) shall be made by an Overproduced party at the request and option of any Underproduced party or parties upon the sale, transfer, assignment, mortgage or other disposition to an unaffiliated entity (herein individually or collectively referred to as a "Transfer"), by an Overproduced party of all or any portion of its Percentage Ownership in any Gas Well unless (x) the Transfer documentation clearly provides that the assignee has expressly assumed the gas balance position of, and the liability for gas imbalances from, the assignor, and (y) the assignee is not a known credit risk and the assignor has provided to the other parties evidence of the creditworthiness of assignee prior to the date that the applicable Transfer becomes effective taking into account the potential liability associated with the applicable gas imbalance. (A cash settlement pursuant to clause (ii) above may hereinafter be referred to as an "Optional Cash Settlement".) The parties acknowledge that a cash settlement may be made on more than one occasion pursuant to the terms of this GBA.

### B. Notification of Proposed Transfer By Overproduced Party

When an Overproduced party elects to Transfer all or a portion of its Percentage Ownership (except to an Affiliate, or where the liability for prior period gas imbalances is assumed by an assignee), it shall give notice to all other parties to the Operating Agreement of its intended Transfer and the anticipated closing date. Each Underproduced party shall have fifteen (15) days from the receipt of such notice in which to elect to receive a cash settlement from the transferring party for the transferring party's share of overproduction allocable to the Underproduced party. Such election shall be made in writing and sent to the transferring party and Operator. An Underproduced party's election not to request a cash settlement at the time of Transfer by an Overproduced party shall not, subject to the provisions of Article VII.E, below, preclude said Underproduced party from sharing in cash settlement at Termination or from requesting a cash settlement upon subsequent Transfer by an Overproduced party.

### C. Quantity of Gas

Within one hundred twenty (120) days after Termination, Operator shall provide a statement captioned "Final Quantity Statement" showing on a party-by-party basis the net unrecouped underproduction, the overproduction and the months and years in which such underproduction and overproduction occurred. Quantities of Gas for which settlement is due shall be determined by accruing the monthly overproduction and underproduction in the order of accrual of said overproduction and underproduction; i.e. makeup Quantities taken by an Underproduced party shall be applied against the oldest overproduction and underproduction then outstanding. In the event an Optional Cash Settlement is requested, Operator shall provide to the parties, within fifteen business days, an Interim Quantity Statement through the end of the last quarter for which Operator has production data, which shall contain similar information as would be contained within a Final Quantity Statement.

### D. Pricing

#### 1. For Overproduction Sold

The amount to be paid by an Overproduced party to an Underproduced party for such Underproduced party's Gas upon cash settlement shall, where the Overproduced party has sold the Gas to an unaffiliated third party, be based upon the price received by the Overproduced party at the time such overproduction occurred (the "price received") shall be the gross proceeds received, less the following:

- (a) production and/or severance taxes attributable to said Gas production paid by the Overproduced party;
- (b) royalties, if any, paid by the Overproduced party to an Underproduced party's royalty owner(s) to the extent said payments amounted to a discharge of said Underproduced party's royalty obligation;
- (c) any other payments made by the Overproduced party to obligees of the Underproduced party to the extent said payments by the Overproduced party were required by law and/or amounted to discharge of the obligations of the Underproduced party; and
- (d) all reasonable costs and expenses incurred to third parties in connection with the sale of said Gas; e.g., gathering, transportation, compression, storage, marketing and similar fees.

In the event sales by the Overproduced party were made to an Affiliate and the price paid by such Affiliate was less than the prevailing market price in the area of the Well at the time of the sale, then the price received shall be deemed to be the Dominion Transmission Inc. South Point Index price found inside Platts Inside FERC's Gas Market Report ("Platts IFERC") Dominion Transmission Inc., Appalachia Index for the applicable month of overproduction, calculated from a pricing bulletin published at the time such overproduction occurred, less those items set forth in a-d above (the "Adjusted South Point Index Price"). Any Underproduced party that is entitled to payment with respect to the applicable cash settlement may, based upon competent evidence, object that sales by the Overproduced party to an Affiliate were at a price less than the prevailing market price in the area of the Well at the time of the sale, in which case the Adjusted South Point Index Price shall be used to price such sales in accordance with the prior sentence.

## **2. For Overproduction Taken or Utilized and Not Sold**

If there is no actual sale to establish the amount received by the Overproduced party because the Overproduced party took such Gas for its own purposes instead of selling it, the amount to be paid by an Overproduced party to an Underproduced party for such Underproduced party's Gas upon cash settlement shall be based upon the Adjusted South Point Index Price.

## **3. Proceeds for Liquefiable Hydrocarbons Not Included**

The parties agree that the terms "price received by an Overproduced party" and "weighted average price received" shall not include any compensation received by a party for liquid hydrocarbons derived from processing its Gas in a Gas processing plant, unless the overproduction for which the Overproduced party is accounting was sold under a Percentage of Proceeds Sale.

## **E. Calculation, Collection and Distribution of Payments**

### **1. For Cash Settlements at Termination**

In the event of a cash settlement at Termination, within ten (10) days after receipt of the Final Quantity Statement from the Operator, each Overproduced party shall furnish to the Operator and the other parties a statement showing the price received for its overproduction on a monthly basis. Within ten (10) days after receipt of such pricing information from all parties, Operator shall submit to each party a statement showing the calculations and the total amount to be paid by each Overproduced party and to be received by each Underproduced party. Cash settlement shall be calculated on the "FIFO" accounting method.

Within twenty (20) days after receipt of said statement from Operator by an Overproduced party, the Overproduced party shall pay all amounts due and owing as

reflected on such statement to the Underproduced parties. In the event that all sums due and owing are not paid by an Overproduced party to the applicable Underproduced parties within the time periods set forth in this provision, interest shall accumulate on such unpaid amounts as provided herein. The amount to be received by each Underproduced party shall be determined by apportioning the total amount to be received by all Underproduced parties from all Overproduced parties among all Underproduced parties in proportion to the total sum to be received by each Underproduced party as a percent of the total sum to be received by all Underproduced parties. The amount to be paid by each Overproduced party to each Underproduced party shall be determined by apportioning the total amount to be paid by all Overproduced parties to each such Underproduced party among all Overproduced parties in proportion to the total sum to be paid by each such Overproduced party to all Underproduced parties as a percent of the total sum to be paid by all Overproduced parties to all Underproduced parties.

2. Optional Cash Settlement Pursuant to Article VII.A.(ii) from an Overproduced party Who Seeks to Transfer an Interest

In the event of a request for an Optional Cash Settlement by an Underproduced party pursuant to Article VII.A.(ii) from an Overproduced party who wishes to Transfer all or a portion of its Percentage Ownership, within twenty (20) working days after receipt of Operator's Interim Quantity Statement, the Overproduced party from whom cash settlement is sought shall provide to Operator a statement showing the price received for its overproduction on a monthly basis. Within ten (10) working days after receipt of such pricing information, Operator shall: (a) calculate the total amount due and owing by the Overproduced party and the total amount to be received by each Underproduced party requesting cash settlement based on the "FIFO" accounting method; and (b) provide the Overproduced party and each such Underproduced party with a statement showing the calculations and the total sum to be paid to said Underproduced party. The Overproduced party shall pay to each such Underproduced party the total amount due and owing as reflected in said statement within twenty (20) working days after receipt of said statement. In the event that all sums due and owing are not paid by an Overproduced party to the applicable Underproduced parties within the time periods set forth in this provision, interest shall accumulate on such unpaid amounts as provided herein.

The parties acknowledge that production and sales data may not be available for a brief period immediately preceding the closing date and prior to the effective date of the Transfer, and the transferring Overproduced party agrees to cash settle for any Gas produced during said period promptly after closing. In the event that said transferring Overproduced party for any reason fails to make all cash settlement payments required under this GBA, the transferee shall be obligated to make said payments.

3. Procedures Applicable to All Cash Settlements

For purposes of all price calculations the overproduction of each Overproduced party shall be apportioned to each Underproduced party in proportion to each Underproduced party's underproduction as a percent of the sum of the underproduction of all Underproduced parties. Overproduced volumes shall be matched to Underproduced volumes based on the order in which the overproduction and underproduction arose. The parties recognize that the months of overproduction by an Overproduced party may not coincide with the months of underproduction by an Underproduced party.

4. Amount Subject to Refund May Be Withheld.

In the event that any portion of the price actually received by an Overproduced party shall be subject to possible refund pursuant to rules and regulations issued by the Federal Energy Regulatory Commission ("FERC"), any state, administrative agency or successor governmental authority having jurisdiction, or any court order, the amount which may be ultimately required to be refunded by FERC or any other entity may be withheld without interest by the Overproduced party until such time as a final determination is made with respect thereto or until the party to whom payment is to be made provides a bond or other security to indemnify the party obligated to make such payments in form satisfactory to the

latter.

**F. Operator's Liability**

Except as otherwise provided herein, Operator is obligated to administer the provisions of this GBA, but shall have no liability to the other parties for losses sustained or liability incurred which arise out of or in connection with the performance of Operator's duties hereunder except such as may result from Operator's gross negligence or willful misconduct.

**VIII. OPERATING EXPENSES**

The operating expenses are to be borne as provided in the Operating Agreement, regardless of whether all parties are selling or using Gas or whether the sales and use of each are in proportion to their Percentage Ownership.

**IX. DELIVERABILITY TESTS**

Nothing herein shall be construed to deny any party the right from time to time to produce and take or deliver to the purchaser its full share of the Gas production to meet the deliverability test required by its purchaser. Also, nothing herein shall: (a) require the Operator to produce a Gas Well in excess of its deliverability or the applicable maximum allowable rate where such rate is established by regulatory authority having jurisdiction from time to time; or (b) prevent an Operator from operating the Gas Well in order to conduct such tests as may be required by any applicable regulatory authority from time to time.

**X. NOMINATIONS**

For each party wishing to sell, utilize or dispose of Gas from a Gas Well subject to this GBA, Operator shall provide each party an initial nomination by well/delivery point(s) six working days prior to the beginning of each month. Operator shall provide each party a revised nomination by well/delivery point as necessary during the month to reflect any change in production. Allocation of gas production in any month in which the total nominations vary from the total production shall be by the Operator according to such procedures as Operator from time to time may reasonably establish. Each non-operator party agrees to indemnify Operator for any charges or penalties incurred because of over or underdeliveries as compared to its nominations, except where such charges or penalties are solely attributable to action taken by Operator in total disregard of such nominations.

**XI. TERM**

This GBA shall remain in full force and effect for so long as the Operating Agreement is in effect and thereafter until the gas balance accounts are settled in full.

**XII. SUCCESSORS AND ASSIGNS**

The terms, covenants and conditions of this GBA shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns. The parties hereto agree to give notice of the existence of this GBA to any successor in interest and to make any transfer of any interest subject to the Operating Agreement, or any part thereof, expressly subject to the terms of this GBA.

### XIII. AUDITS

Any Underproduced party shall have the right for a period of two (2) years after receipt of payment pursuant to a final accounting and after giving written notice to all parties, to audit an Overproduced party's accounts and records relating to such payment. The party conducting such audit shall bear its costs of the audit.

### XIV. MISCELLANEOUS

A. No assignment shall relieve the assignor from any obligation to the other parties with respect to any overproduction taken by assignor to such assignment.

B. Any amount remaining unpaid under the GBA more than thirty (30) days after it is due shall bear interest (commencing the day after said payment was due) at the rate set forth in the Accounting Procedure (Exhibit C to the Operating Agreement).

C. Unless the context otherwise clearly indicates, words used in the singular include the plural, and the plural includes the singular.

D. Each party agrees to maintain the necessary records and documents to enable the gas balancing and cash settlements contemplated hereby to be made.

E. If any party hereto fails to timely provide to Operator the data required hereby to enable gas balancing statements and cash settlements to be promptly made, Operator, or any other party, without prejudice to other remedies, is authorized to audit the records of the non-providing party and such audit shall be at the expense of the audited party.

F. To the extent permitted by law, this GBA shall be in lieu of and take precedence over any law, statute, rule or regulation requiring Gas balancing, revenue sharing or marketing of Gas.

G. In the event that any party is in default of any payment required by this GBA or fails to provide information required under this GBA, Operator is authorized--but not required--upon thirty (30) days notification to said defaulting party, without prejudice to any other remedies it may have, to curtail said party's Gas production from any and all Gas Wells subject to this GBA and such gas may be taken by the other parties in accordance with III.B. above.

H. In the event of a conflict between the terms of this GBA and the Operating Agreement, the terms of this GBA shall govern except where the conflict is between Article VI of this GBA and the Operating Agreement, in which event the Operating Agreement shall govern.

I. Nothing in this GBA shall be construed as precluding cash balancing at any time as may be agreed by the parties.

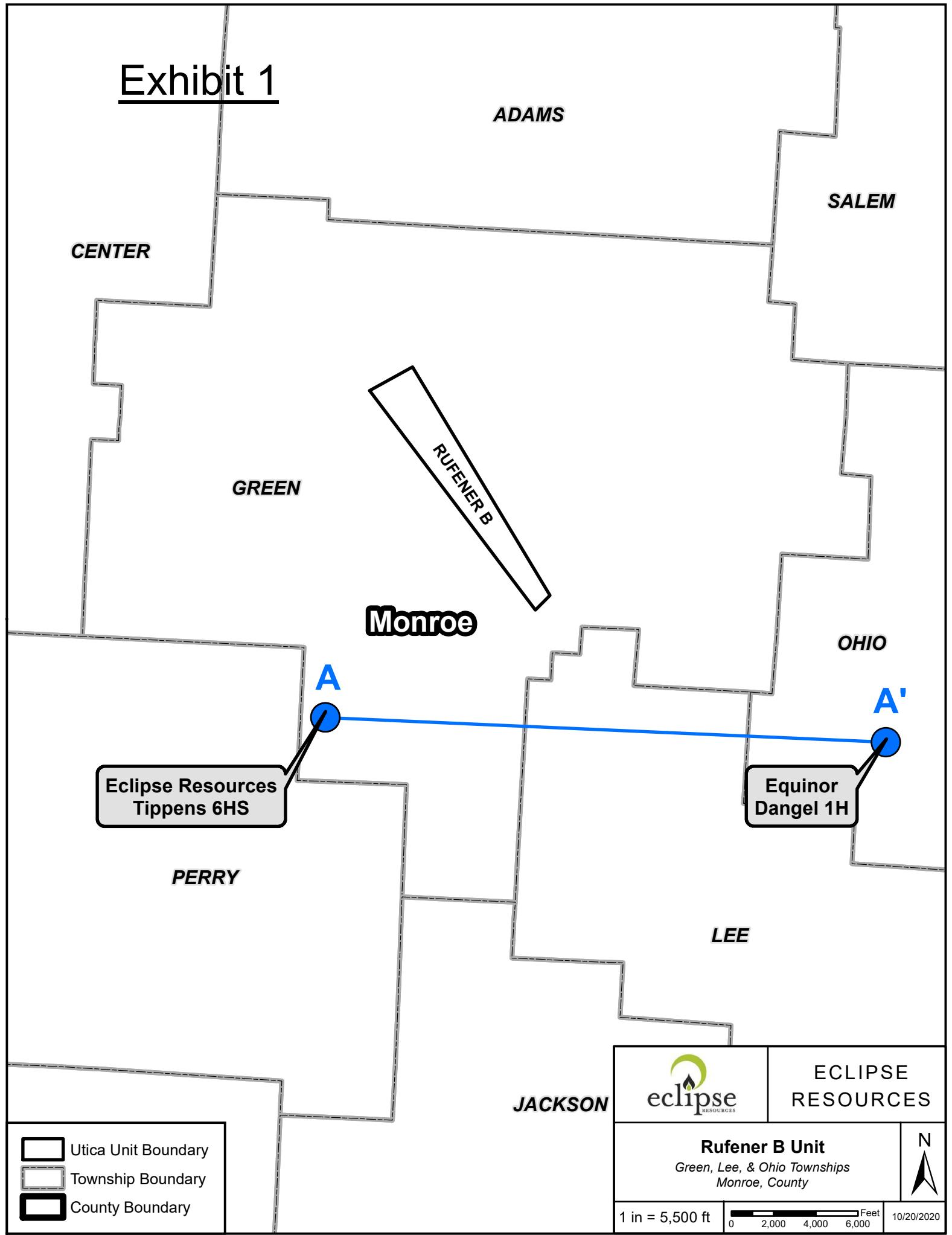
J. Nothing contained in this GBA shall require an Overproduced Party to pay to an Underproduced Party a sum which would be violative of any law, rule or regulation.

End of Exhibit "E"

## **Attachment 2**

## **Attachment 2 Exhibit 1**

# Exhibit 1



## **Attachment 2 Exhibit 2**

# Geologic Cross-Section

Exhibit 2 - Rufener B Unit  
Monroe County, Ohio

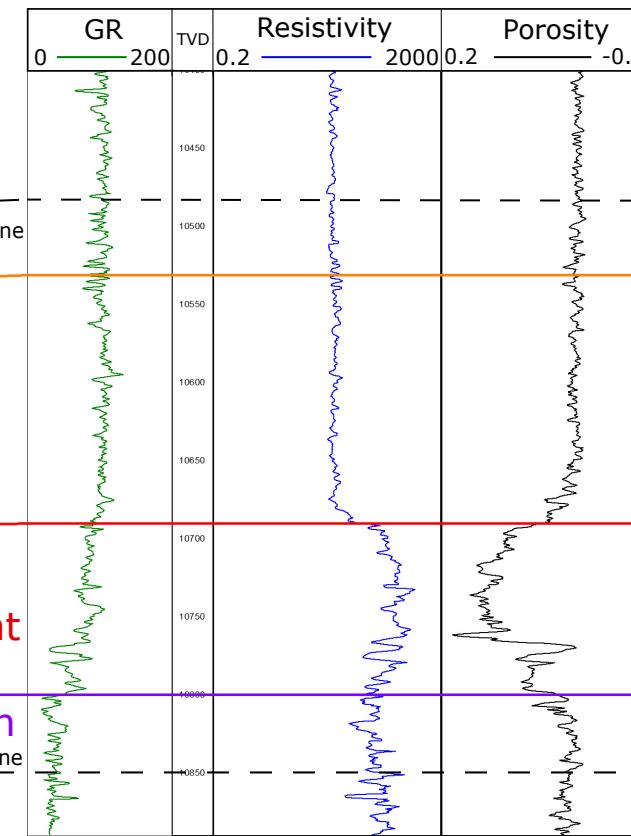
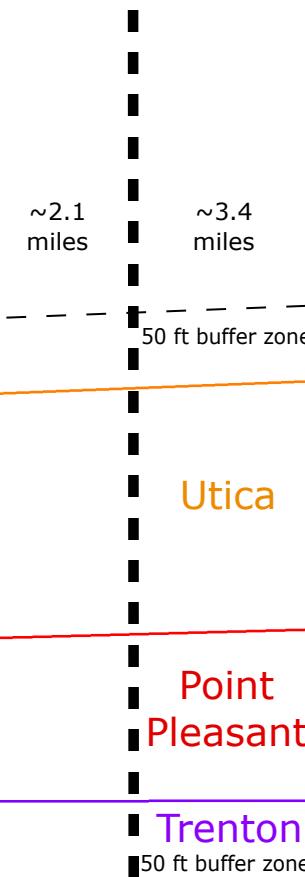
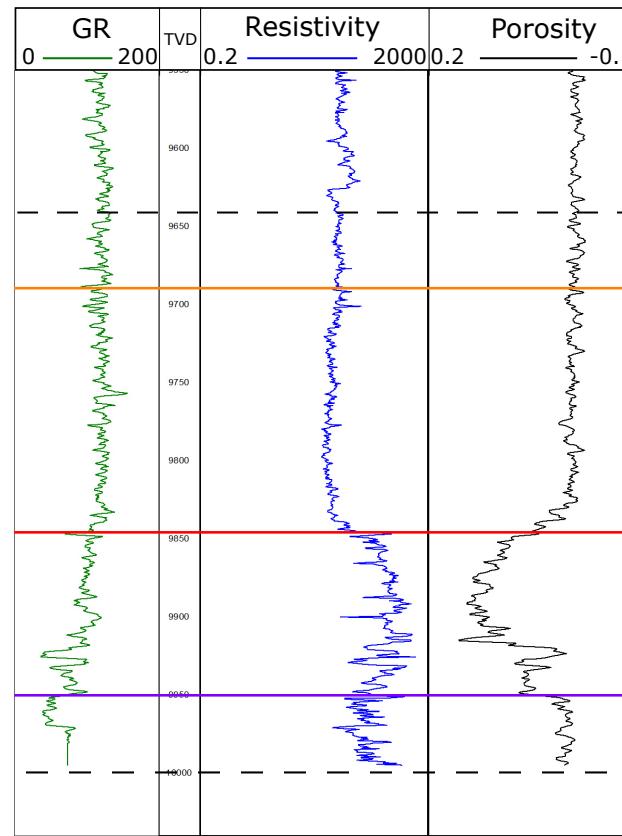
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A'

Tippens 6HS  
API: 3411124361  
Eclipse Resources

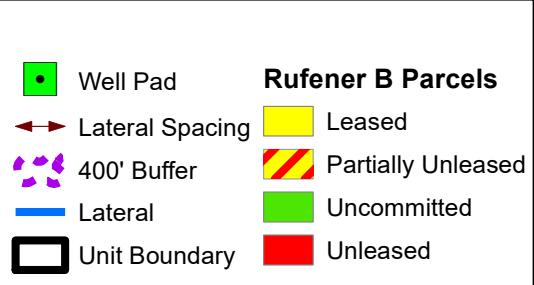
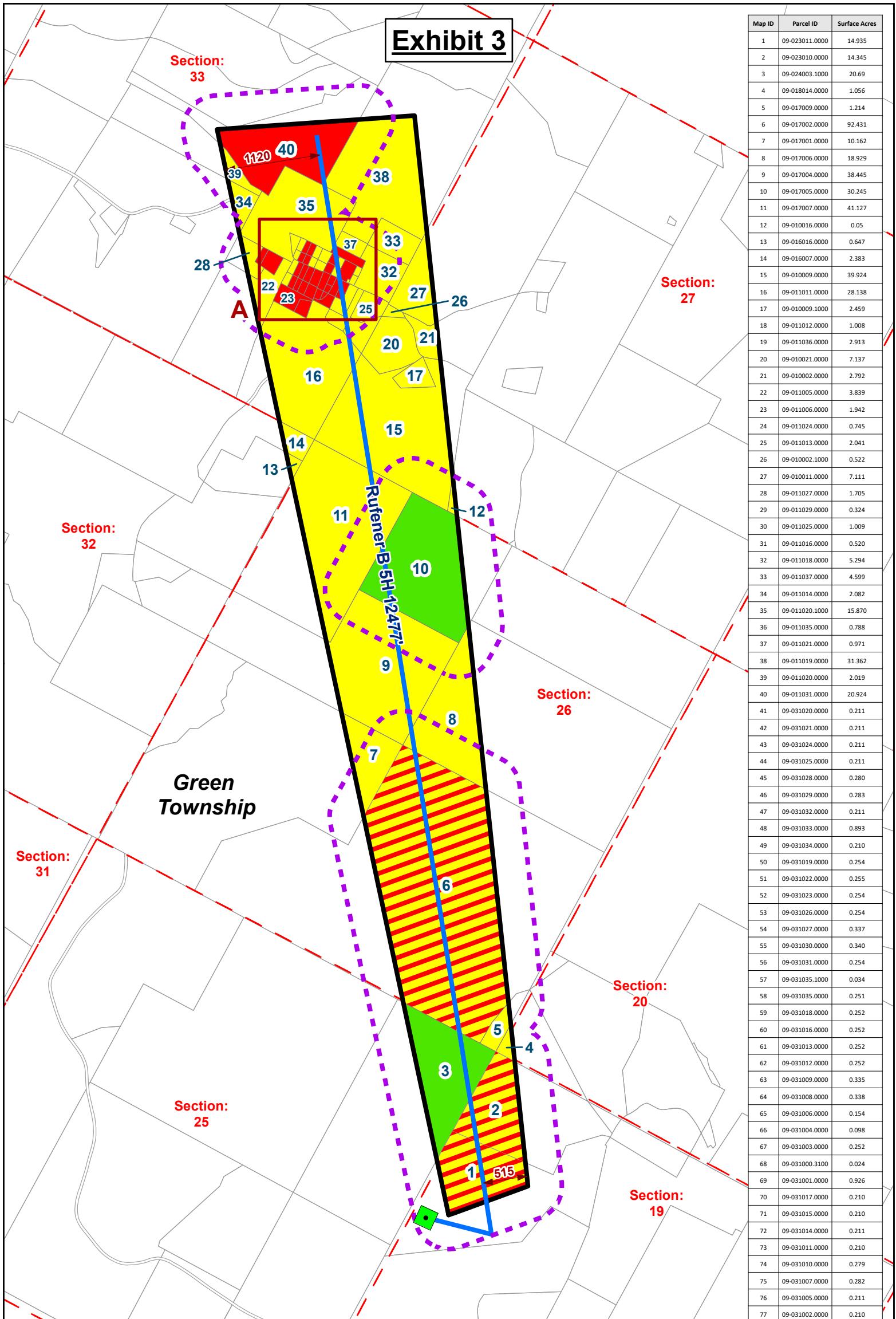
Rufener B  
Eclipse Resources

Dangel 1  
API: 3411124305  
Statoil USA



## **Attachment 2 Exhibit 3**

### Exhibit 3



0 520 1,040 1,560 2,080 Feet



**ECLIPSE  
RESOURCES**

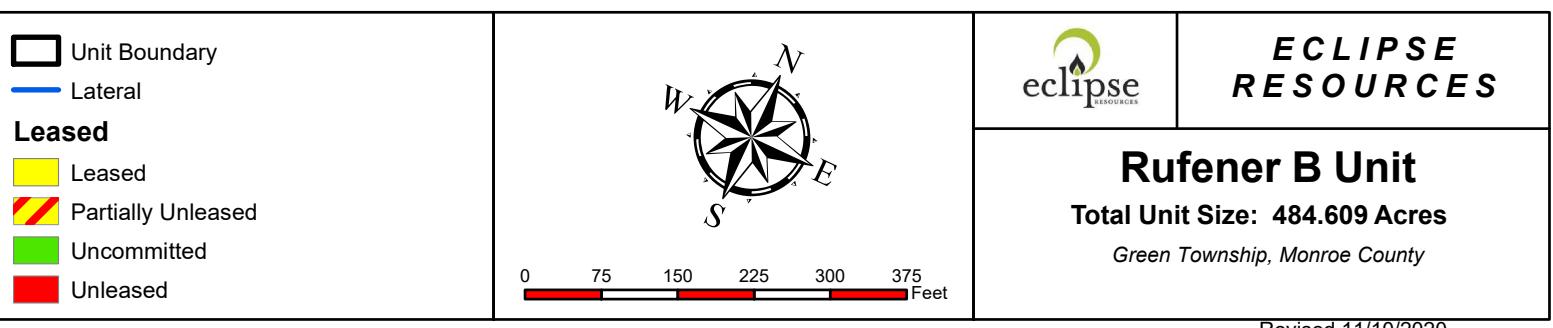
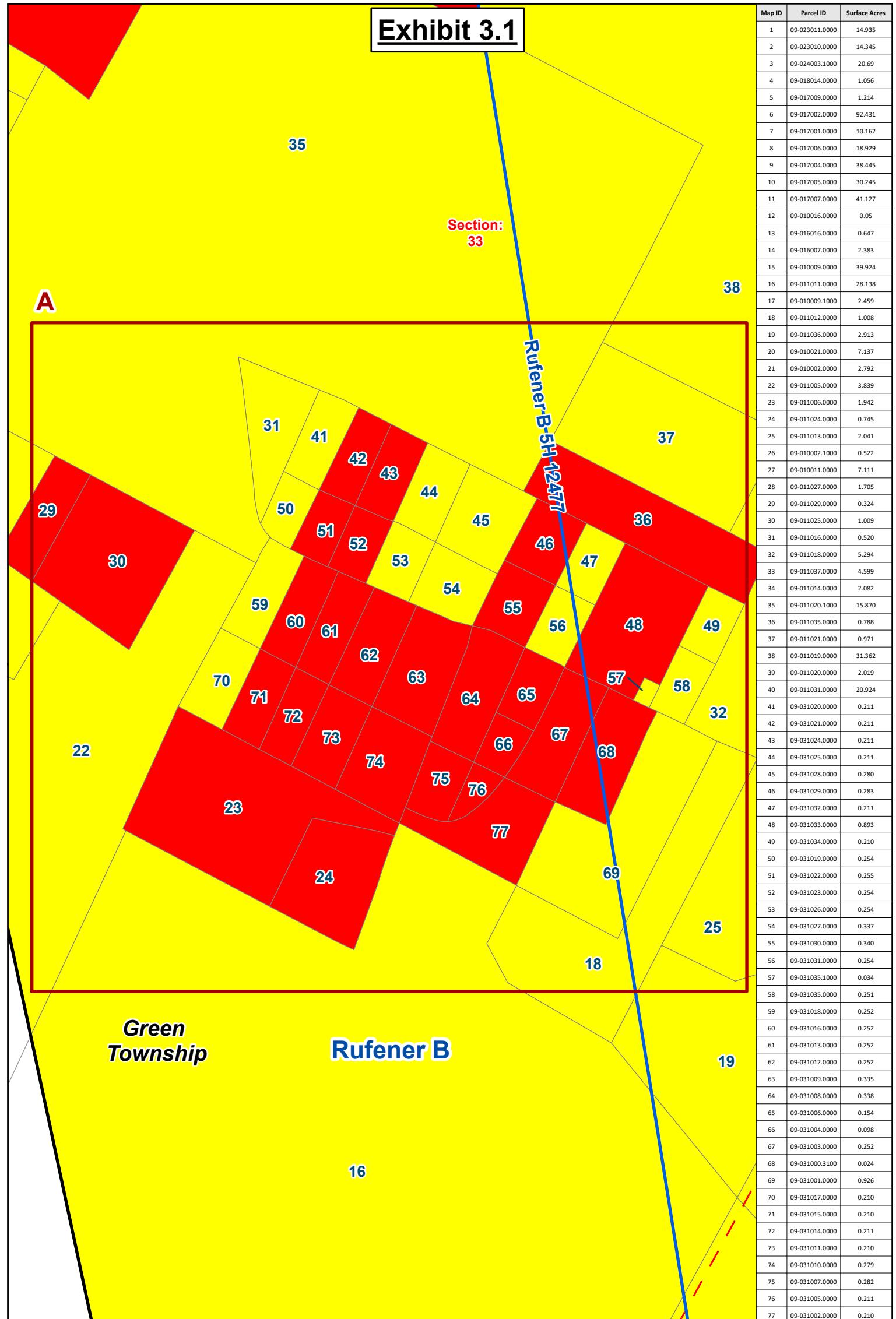
**Rufener B Unit**

**Total Unit Size: 484.609 Acres**

*Green Township, Monroe County*

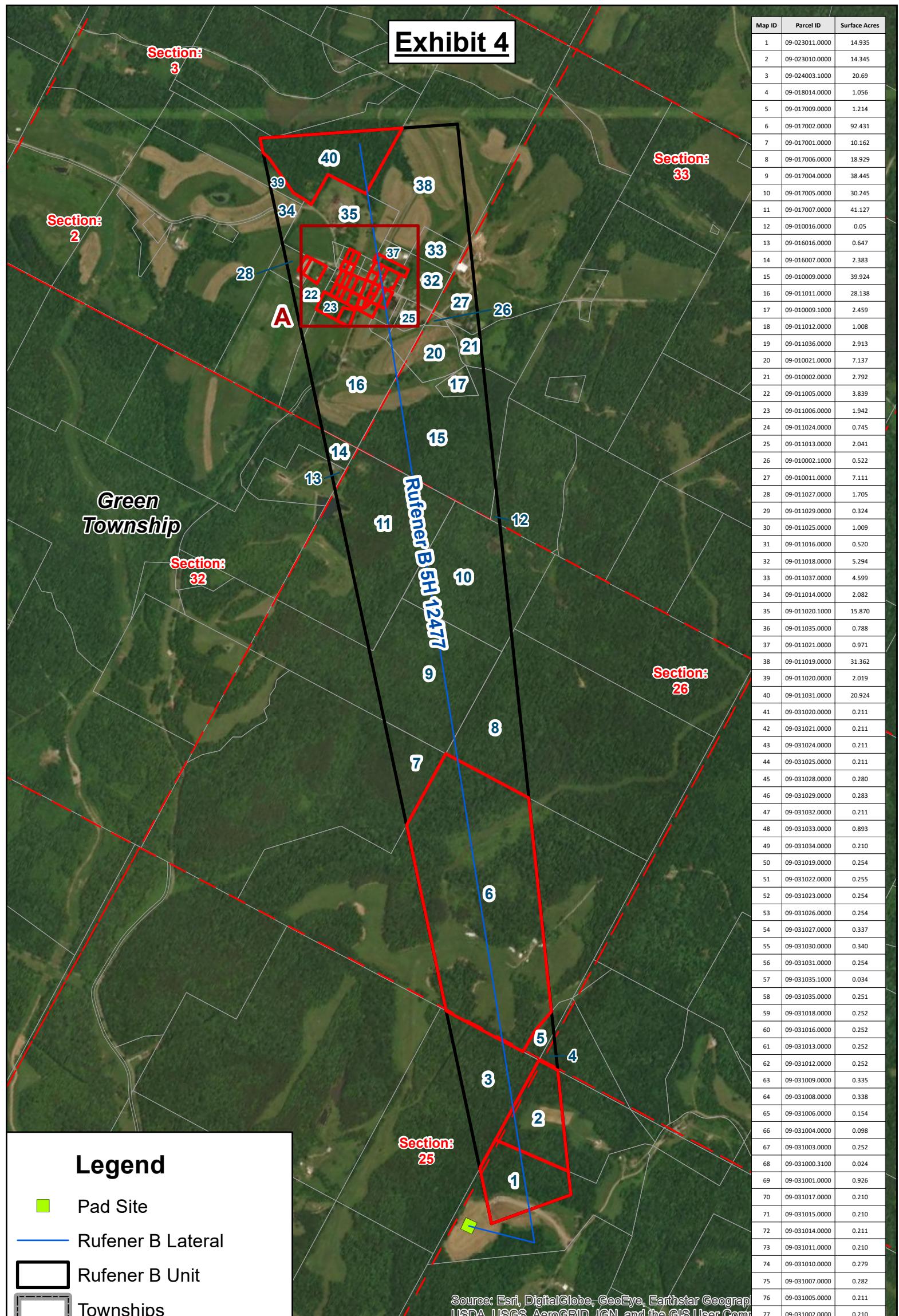
Revised 11/10/2020

## Exhibit 3.1



## **Attachment 2 Exhibit 4**

## Exhibit 4



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, USDA, USGS, AeroGRID, IGN, and the GIS User Community



**ECLIPSE  
RESOURCES**

### Leased

No

Yes

**Rufener B Unit**

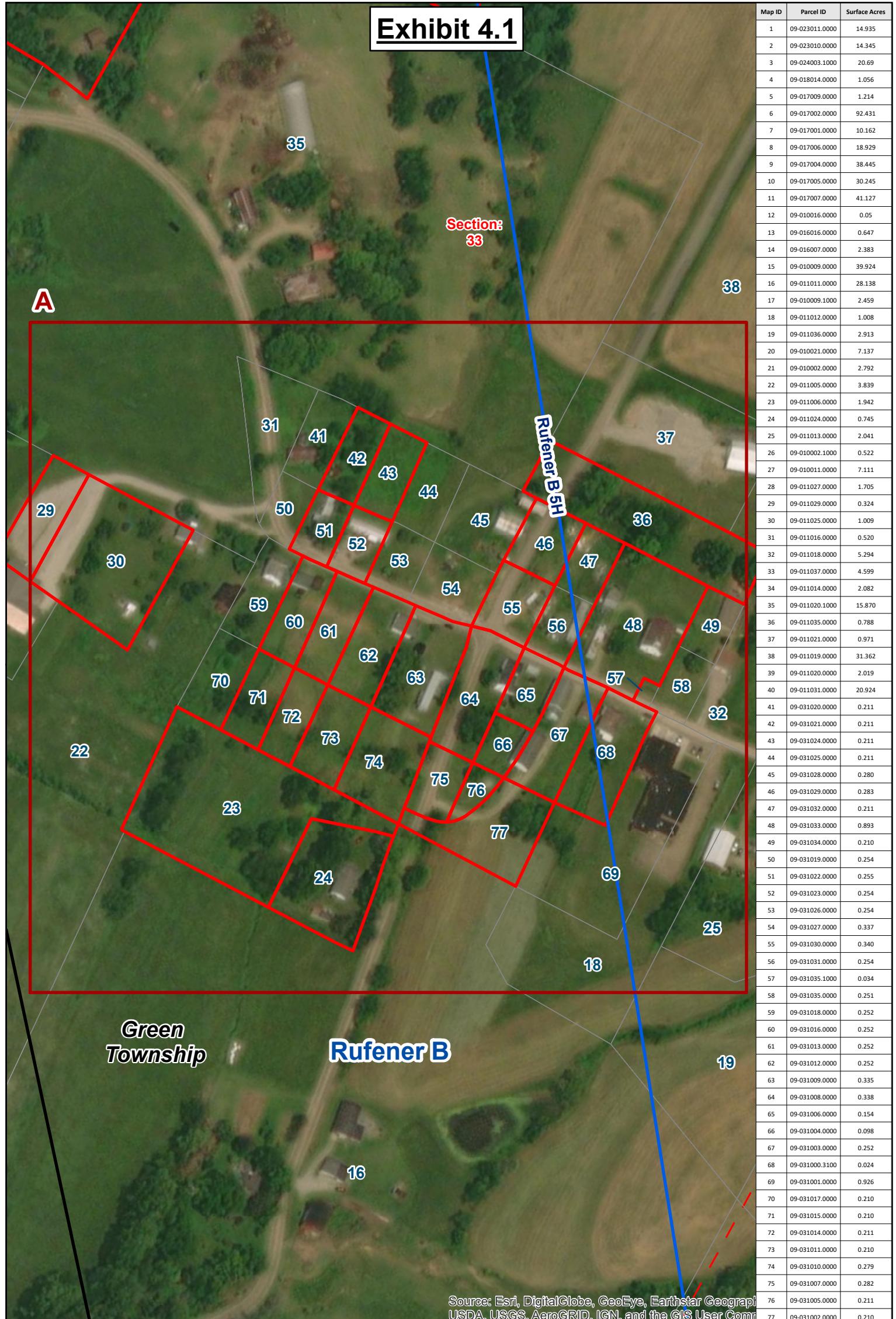
**Total Unit Size: 484.609 Acres**

Green Township, Monroe County

Date: 10/21/2020

0 520 1,040 1,560 2,080 2,600 Feet

## Exhibit 4.1



### Legend

- Lateral
- Unit Boundary
- Leased
- No
- Yes



0 75 150 225 300 375 Feet



**ECLIPSE  
RESOURCES**

**Rufener B Unit**

**Total Unit Size: 484.609 Acres**

*Green Township, Monroe County*

Date: 10/21/2020

## **Attachment 2 Exhibit 5**

## EXHIBIT 5

### Rufener B UNIT

Well Information				
Well Name	Unit Lateral Length (ft)	Unit Dev. Cost (\$M)	Non-Unit Lateral Length (ft)	Non-Unitized Dev. Cost (\$M)
Rufener B 5H	12,477	10,728	0	0

Unitized Rufener B					
Well Name	Gas (Bcf)	Oil (Mbbls)	NGLs (Mbbls)	PV(10) (\$M)	Gross Production Value (\$M)
Rufener B 5H	28.1	0	0	9,732	29,953

Non-Unitized Rufener B					
Well Name	Gas (Bcf)	Oil (Mbbls)	NGLs (Mbbls)	PV(10) (\$M)	Gross Production Value (\$M)
Rufener B 5H	0	0	0	0	0

Incremental Gain					
Well Name	Incremental Lateral Length (ft)	Gas (Bcf)	Liquids (Mbbls)	PV(10) (\$M)	Gross Production Value (\$M)
Rufener B 5H	12,477	28.1	0	9,732	29,953

**EXHIBIT 5 PAGE 2**

Rufener B Unit

<b>Year</b>	<b>Gas Price (\$/mcf)</b>
2021	\$2.98
2022	\$2.63
2023	\$2.50
2024	\$2.49
To Life	\$3.00
<b>Prices as of</b>	<b>9/2020</b>

<b>Well Name</b>	<b>Lease Operating Expense (\$/month)</b>	<b>Abandonment Cost (\$)</b>
Rufener B 5H	3,744	186,000

## **Attachment 2 Exhibit 6**

## Exhibit 6

ADAMS  
Township

GREEN  
Township

PERRY  
Township

OHIO Township

LEE Township

JACKSON  
Township

### Utica Laterals

- Planned (Orange line)
- Drilled (Blue line)
- Producing (Red line)
- Surrounding Units (White box)
- Townships (Dashed box)
- Counties (Solid box)
- Tax Parcels (Light gray box)



0 1,250 2,500 3,750 5,000 6,250 Feet



ECLIPSE  
RESOURCES

### Surrounding Units

Adams, Green, Lee, & Ohio Townships, Monroe County

Date: 10/20/2020

## **Attachment 2 Exhibit 7**

Exhibit 7

STATE OF OHIO  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL AND GAS RESOURCES MANAGEMENT

In re the Matter of the Application of :  
Eclipse Resources I, LP for Unit Operation :  
Rufener B Unit : Application Date: October 22, 2020  
: Supplement Date: November 10, 2020

**AFFIDAVIT OF LEASING, EFFORTS**

I, Austin Graybill, being first duly cautioned and sworn, do hereby depose and state as follows:

1. My name is Austin Graybill and I am a Senior Landman with Eclipse Resources I, LP (the "Applicant"). My day-to-day responsibilities include managing field land brokers, negotiating lease acquisitions, and handling title matters for the Applicant's operations in the Utica Shale.
2. As a result of my job responsibilities, I have personal knowledge of the matters set forth in this affidavit, including the attachment hereto, and the following information is true to the best of Affiant's knowledge and belief.
3. Tract Nos. 1, 2, 6, 23, 24, 29, 30, 36, 40, 42, 43, 46, 48, 51, 52, 55, 60, 61, 62, 63, 64, 65, 66, 67, 68, 71, 72, 73, 74, 75, 76 and 77 are not subject to an oil and gas lease or are subject only to a fractional lease of the oil and gas.
4. The Applicant has made diligent efforts to obtain an oil and gas lease of these unleased interests. Those efforts are documented in the attached chart.
5. Equinor USA Onshore Properties, Inc., holds the working interest associated with a lease of interest in oil and gas impacting Tract 10 and has not reached an agreement with Eclipse to participate in unit operations as to these interests.
6. The Applicant has made diligent efforts to reach an agreement with Equinor USA Onshore Properties, Inc., regarding this interest. Those efforts are document in the attached chart.
7. CGO, Inc., holds the working interest associated with a lease of interest in oil and gas impacting Tract 3 and has not reached an agreement with Eclipse to participate in unit operations as to these interests.
8. The Applicant has made diligent efforts to reach an agreement with CGO, Inc., regarding this interest. Those efforts are document in the attached chart.

Further Affiant sayeth naught.

Dated this 10<sup>th</sup> day of November 2020.



Austin Graybill

STATE OF TEXAS )  
COUNTY OF DALLAS ) SS  
                    )

Sworn to and subscribed before me this 10<sup>th</sup> day of November 2020.



Stefanie A. Sweger  
Notary Public

**Rufener B Contact Affidavit Exhibit**

<b>1. Regarding the following tract, the following contacts were made or attempted:</b>					
<p><b>Parcel Numbers: 09-031009.0000 (Tract 63) and 09-031010.0000 (Tract 74)</b></p> <p><b>Owner's Name: Chad D. Johnson and Amanda M. Johnson</b></p>					
Date	Eclipse Representative	Owner Representative	Method	Address of Contact	Response
6/3/2020	Dwight Jones	Chad Johnson	Mail	PO Box 9 Laings, OH 43752	Disclosure statement and letter mailed.
6/19/2020	Amy Wigner	Chad Johnson	Mail	PO Box 9 Laings, OH 43752	Received signed disclosure form.
8/26/2020	Amy Wigner	Chad Johnson	In Person	N/A	Visited Laings address. No answer, left contact info.
8/28/2020	Amy Wigner	Chad Johnson	Phone	N/A	Called. No voicemail set up.
9/3/2020	Amy Wigner	N/A	Research	N/A	Spoke with neighbor; told they live in Moundsville. Was given a number to call.
9/14/2020	Amy Wigner	Chad Johnson	Phone	N/A	Left additional message asking for return call.
9/18/2020	Amy Wigner	Chad Johnson	Mail	N/A	Letter and lease sent to Moundsville address.
9/29/2020	Amy Wigner	Chad Johnson	In Person	N/A	Visited Moundsville address. No answer; left contact info in the door.
10/6/2020	Amy Wigner	Chad Johnson	In Person	N/A	Visited Moundsville address again, no answer. Spoke to neighbor who told me they were at different address. Visited that address as well and there was no one home.
10/15/2020	Amy Wigner	Chad Johnson	In Person	N/A	Was able to meet with Mr. Johnson. He was agreeable to signing a lease. Arranging time for he and wife to meet together for signing.
10/22/2020	Amy Wigner	Chad Johnson	Phone	N/A	Chet's work schedule has been changing. Told me we can meet next week when he and wife are both off for signature.
<b>2. Regarding the following tract, the following contacts were made or attempted:</b>					

<b>Parcel Number: 09-017002.0000 (Tract 6)</b> <b>Owner's Name: Rita Young</b>					
<b>Date</b>	<b>Eclipse Representative</b>	<b>Owner Representative</b>	<b>Method</b>	<b>Address of Contact</b>	<b>Response</b>
6/27/2019	Jared Renner	Chris Starr	Phone	N/A	Called and left a message with Chris Starr to contact me about additional acreage Eclipse would like to lease.
7/12/2019	Jared Renner	Chris Starr	Email	N/A	Sent email to Chris Starr about additional acreage that Eclipse would like to lease. Presented him with a 5 year split payment lease.
7/19/2019	Jared Renner	Chris Starr	Email	N/A	Received email from Chris Starr. They are interested in leasing with us using split payment lease. They would like to review.
8/9/2019	Jared Renner	Chris Starr	Email	N/A	Sent Chris a new version of the lease we would like to use for this acreage. It is a different form than we used in the last lease. They will need to review and get back with me on any changes.
8/29/2019	Jared Renner	Chris Starr	Phone	N/A	Called Chris and left a message to see if the family has had a chance to review the lease.
10/11/2019	Jared Renner	Chris Starr	Phone	N/A	Spoke with Chris about the new lease. The family is trying to get together to go over the new lease and decide what changes they are looking for in the new lease.
1/31/2020	Jared Renner	Chris Starr	Email	N/A	Sent email to Chris updating a new lease proposal for the acreage. The form has changed since the last lease was sent to the family.
7/14/2020	Jared Renner	N/A	N/A		Drafted revised lease agreement to reflect delay rental offer vs. paid up.
9/3/2020	Jared Renner	Rita Young	Mail	N/A	Updated lease agreement mailed to Rita.
9/11/2020	Jared Renner	Rita Young	Mail	N/A	Mailed updated lease agreement reflecting paid up structure vs. delay rental.
10/2/2020	Jared Renner	Rita Young	Mail	N/A	Updated stipulation of interest mailed along with finalized lease documents.

10/22/2020	Jared Renner	Rita Young	Mail	N/A	Finalized lease packet being mailed.

**3. Regarding the following tract, the following contacts were made or attempted:**

**Parcel Number: 09-017002.0000 (Tract 6)**

**Owner's Name: Chris L. Starr**

Date	Eclipse Representative	Owner Representative	Method	Address of Contact	Response
6/27/2019	Jared Renner	Chris Starr	Phone	N/A	Called and left a message with Chris Starr to contact me about additional acreage Eclipse would like to lease.
7/12/2019	Jared Renner	Chris Starr	Email	N/A	Sent email to Chris Starr about additional acreage that Eclipse would like to lease. Presented him with a 5 year split payment lease.
7/19/2019	Jared Renner	Chris Starr	Email	N/A	Received email from Chris Starr. They are interested in leasing with us using split payment lease. They would like to review.
8/9/2019	Jared Renner	Chris Starr	Email	N/A	Sent Chris a new version of the lease we would like to use for this acreage. It is a different form than we used in the last lease. They will need to review and get back with me on any changes.
8/29/2019	Jared Renner	Chris Starr	Phone	N/A	Called Chris and left a message to see if the family has had a chance to review the lease.
10/11/2019	Jared Renner	Chris Starr	Phone	N/A	Spoke with Chris about the new lease. The family is trying to get together to go over the new lease and decide what changes they are looking for in the new lease.
1/31/2020	Jared Renner	Chris Starr	Email	N/A	Sent email to Chris updating a new lease proposal for the acreage. The form has changed since the last lease was sent to the family.
7/14/2020	Jared Renner	N/A	N/A		Drafted revised lease agreement to reflect delay rental offer vs. paid up.

9/1/2020	Jared Renner	Chris Starr	Phone	N/A	Spoke with Chris and discussed updated agreement being sent out to the family. Discussed a few questions regarding delay rental payment structure.
9/3/2020	Jared Renner	Chris Starr	Mail	N/A	Updated lease agreement mailed to Chris.
9/11/2020	Jared Renner	Chris Starr	Mail	N/A	Mailed updated lease agreement reflecting paid up structure vs. delay rental.
10/1/2020	Jared Renner	Chris Starr	Phone	N/A	Spoke with Chris and the family is in agreement to move forward with signing.
10/2/2020	Jared Renner	Chris Starr	Mail	N/A	Updated stipulation of interest mailed along with finalized lease documents.
10/15/2020	Jared Renner	Chris Starr	Phone	N/A	Had conversation with Chris and informed him that we are waiting on Gary to transfer his interest to send lease agreements and stipulation of interest.
10/22/2020	Jared Renner	Chris Starr	Mail	N/A	Finalized lease packet being mailed.

**4. Regarding the following tract, the following contacts were made or attempted:**

**Parcel Number: 09-017002.0000 (Tract 6)**

**Owner's Name: Leo D. Starr**

Date	Eclipse Representative	Owner Representative	Method	Address of Contact	Response
6/27/2019	Jared Renner	Chris Starr	Phone	N/A	Called and left a message with Chris Starr to contact me about additional acreage Eclipse would like to lease.
7/12/2019	Jared Renner	Chris Starr	Email	N/A	Sent email to Chris Starr about additional acreage that Eclipse would like to lease. Presented him with a 5 year split payment lease.
7/19/2019	Jared Renner	Chris Starr	Email	N/A	Received email from Chris Starr. They are interested in leasing with us using split payment lease. They would like to review.

8/9/2019	Jared Renner	Chris Starr	Email	N/A	Sent Chris a new version of the lease we would like to use for this acreage. It is a different form than we used in the last lease. They will need to review and get back with me on any changes.
8/29/2019	Jared Renner	Chris Starr	Phone	N/A	Called Chris and left a message to see if the family has had a chance to review the lease.
10/11/2019	Jared Renner	Chris Starr	Phone	N/A	Spoke with Chris about the new lease. The family is trying to get together to go over the new lease and decide what changes they are looking for in the new lease.
1/31/2020	Jared Renner	Chris Starr	Email	N/A	Sent email to Chris updating a new lease proposal for the acreage.
7/14/2020	Jared Renner	N/A	N/A		Drafted revised lease agreement to reflect delay rental offer vs. paid up.
9/3/2020	Jared Renner	Leo Starr	Mail	N/A	Updated lease agreement mailed to Leo.
9/11/2020	Jared Renner	Leo Starr	Mail	N/A	Mailed updated lease agreement reflecting paid up structure vs. delay rental.
10/2/2020	Jared Renner	Leo Starr	Mail	N/A	Updated stipulation of interest mailed along with finalized lease documents.
10/22/2020	Jared Renner	Leo Starr	Mail	N/A	Finalized lease packet being mailed.

**5. Regarding the following tract, the following contacts were made or attempted:**

**Parcel Number: 09-017002.0000 (Tract 6)**

**Owner's Name: Lois Starr**

Date	Eclipse Representative	Owner Representative	Method	Address of Contact	Response
6/27/2019	Jared Renner	Chris Starr	Phone	N/A	Called and left a message with Chris Starr to contact me about additional acreage Eclipse would like to lease.
7/12/2019	Jared Renner	Chris Starr	Email	N/A	Sent email to Chris Starr about additional acreage that Eclipse would like to lease. Presented him with a 5 year split payment lease.

7/19/2019	Jared Renner	Chris Starr	Email	N/A	Received email from Chris Starr. They are interested in leasing with us using split payment lease. They would like to review.
8/9/2019	Jared Renner	Chris Starr	Email	N/A	Sent Chris a new version of the lease we would like to use for this acreage. It is a different form than we used in the last lease. They will need to review and get back with me on any changes.
8/29/2019	Jared Renner	Chris Starr	Phone	N/A	Called Chris and left a message to see if the family has had a chance to review the lease.
10/11/2019	Jared Renner	Chris Starr	Phone	N/A	Spoke with Chris about the new lease. The family is trying to get together to go over the new lease and decide what changes they are looking for in the new lease.
1/31/2020	Jared Renner	Chris Starr	Email	N/A	Sent email to Chris updating a new lease proposal for the acreage. The form has changed since the last lease was sent to the family.
7/14/2020	Jared Renner	N/A	N/A		Drafted revised lease agreement to reflect delay rental offer vs. paid up.
9/3/2020	Jared Renner	Lois Starr	Mail	N/A	Updated lease agreement mailed to Lois.
9/11/2020	Jared Renner	Lois Starr	Mail	N/A	Mailed updated lease agreement reflecting paid up structure vs. delay rental.
10/2/2020	Jared Renner	Lois Starr	Mail	N/A	Updated stipulation of interest mailed along with finalized lease documents.
10/22/2020	Jared Renner	Lois Starr	Mail	N/A	Finalized lease packet being mailed.

**6. Regarding the following tract, the following contacts were made or attempted:**

**Parcel Numbers: 09-017002.0000 (Tract 6)**

**Owner's Name: Judith Cosentino**

Date	Eclipse Representative	Owner Representative	Method	Address of Contact	Response

6/7/2019	Bonnie Cunningham	Theron Yockey	Phone	N/A	Spoke with Theron Yockey and he asked for us to send a lease to him. I've ordered a lease to be prepared for Judith.
6/11/2019	Bonnie Cunningham	Theron Yockey	Mail	4738 N. Fisk Avenue Kansas City, MO 64151	Fedexed Oil and Gas Lease to Theron Yockey, Judith's brother, to have lease delivered to Judith.
2/18/2020	Bonnie Cunningham	Judith Cosentino	Phone	N/A	Left a voicemail for Judith regarding the lease.
2/19/2020	Bonnie Cunningham	Judith Cosentino Theron Yockey	Phone	N/A	Called Judith again regarding the lease in order to verify her address but she did not answer. Called her brother Lance, he was surprised she hadn't sent the lease back yet. Lance thought we had a good address for Judith so we sent an updated lease to Theron. According to FedEx tracking the lease was delivered to the address we used on 2/25/2020.
6/11/2020	Bonnie Cunningham	Theron Yockey	Phone	N/A	Spoke with Theron. He thinks he did get the lease but has to look for it. He said he would call me back this evening if he can't find it but either way I'll call him to get an update and send a new lease if needed.
6/12/2020	Bonnie Cunningham	Theron Yockey	Mail	4738 N. Fisk Avenue Kansas City, MO 64151	Sending out a new lease packet.
8/6/2020	Bonnie Cunningham	Theron Yockey	Phone	N/A	Called Theron and left a voicemail regarding the lease and the need to sign and return the lease as soon as possible.

**7. Regarding the following tract, the following contacts were made or attempted:**

**Parcel Numbers: 09-017002.0000 (Tract 6), 09-023011.0000 (Tract 1), and 09-023010.0000 (Tract 2)**

**Owner's Name: Unknown heirs and assigns of William Stevens**

Date	Eclipse Representative	Owner Representative	Method	Address of Contact	Response
10/29/2017	Bonnie Cunningham	N/A	Research	N/A	I've been researching various links to info in England and I am not coming up with information for this heir.
11/13/2017	Bonnie Cunningham	N/A	Research	N/A	Still researching for this person. Knowing the mother's name would help but not finding anything.

11/27/2017	Bonnie Cunningham	N/A	Research	N/A	Still researching.
12/1/2017	Bonnie Cunningham	N/A	Research	N/A	Unable to find heirs.
2/13/2018	Bonnie Cunningham	N/A	Research	N/A	Researched heirship again to find documents pertaining to the bankruptcy and turned final report in to Andy Bell, Gary Pownell and Luke Bates on what was found.
2/19/2018	Bonnie Cunningham	N/A	Research	N/A	Reviewed documents with Andy and Gary.
2/20/2018	Bonnie Cunningham	N/A	Research	N/A	Andy forwarded me a response from Andrew Bell regarding his thoughts on the bankruptcy. Andrew is going to further research this matter to see if the statute of limitations apply and the rights go back to the Stovers.
2/28/2018	Bonnie Cunningham	N/A	Research	N/A	Researched again and it appears he may have died in 1991. Match
1/28/2019	Bonnie Cunningham	N/A	Research	N/A	I was not able to locate this person or any reference to them in England.
4/15/2019	Bonnie Cunningham	N/A	Research	N/A	Attempted to dig further to find a location on the Stevens' but couldn't find anything new online.
7/24/2019	Bonnie Cunningham	N/A	Research	N/A	Found mother's maiden name was Jones. Located birth registration for William P. Stevens in England. District mentions Ealing.
10/25/2019	Bonnie Cunningham	N/A	Research	N/A	Additional online research. Nothing new found.
1/16/2020	Bonnie Cunningham	N/A	Research	N/A	Researched Ancestry.com but no additional leads found.
4/17/2020	Bonnie Cunningham	N/A	Research	N/A	Continued research but nothing new located.
9/30/2020	Bonnie Cunningham	N/A	Research	N/A	Found a William Patrick Stevens that died in 1992 and was a resident of Greater London. More research needed.

**8. Regarding the following tract, the following contacts were made or attempted:**

**Parcel Numbers: 09-017002.0000 (Tract 6), 09-023011.0000 (Tract 1), and 09-023010.0000 (Tract 2)**

**Owner's Name: Unknown heirs and assigns of Colin Stevens**

Date	Eclipse Representative	Owner Representative	Method	Address of Contact	Response
10/29/2017	Bonnie Cunningham	N/A	Research	N/A	I've been researching various links to info in England and I am not coming up with information for this heir.

11/13/2017	Bonnie Cunningham	N/A	Research	N/A	Still researching for this person. Knowing the mother's name would help but not finding anything.
11/27/2017	Bonnie Cunningham	N/A	Research	N/A	Still researching.
12/1/2017	Bonnie Cunningham	N/A	Research	N/A	Unable to find heirs.
2/13/2018	Bonnie Cunningham	N/A	Research	N/A	Researched heirship again to find documents pertaining to the bankruptcy and turned final report in to Andy Bell, Gary Pownell and Luke Bates on what was found.
2/19/2018	Bonnie Cunningham	N/A	Research	N/A	Reviewed documents with Andy and Gary.
2/20/2018	Bonnie Cunningham	N/A	Research	N/A	Andy forwarded me a response from Andrew Bell regarding his thoughts on the bankruptcy. Andrew is going to further research this matter to see if the statute of limitations apply and the rights go back to the Stovers.
2/28/2018	Bonnie Cunningham	N/A	Research	N/A	Researched again and it appears he may have died in 1991. Match
1/28/2019	Bonnie Cunningham	N/A	Research	N/A	I was not able to locate this person or any reference to them in England.
4/15/2019	Bonnie Cunningham	N/A	Research	N/A	Attempted to dig further to find a location on the Stevens' but couldn't find anything new online.
7/24/2019	Bonnie Cunningham	N/A	Research	N/A	Found mother's maiden name was Jones. Located birth registration for William P. Stevens in England. District mentions Ealing.
10/25/2019	Bonnie Cunningham	N/A	Research	N/A	Additional online research. Nothing new found.
1/16/2020	Bonnie Cunningham	N/A	Research	N/A	Researched Ancestry.com but no additional leads found.
4/17/2020	Bonnie Cunningham	N/A	Research	N/A	Continued research but nothing new located.
9/30/2020	Bonnie Cunningham	N/A	Research	N/A	Found a William Patrick Stevens that died in 1992 and was a resident of Greater London. More research needed.

**9. Regarding the following tract, the following contacts were made or attempted:**

Parcel Numbers: 09-017002.0000 (Tract 6), 09-023011.0000 (Tract 1), and 09-023010.0000 (Tract 2)

Owner's Name: Unknown heirs and assigns of Jennifer Stevens

Date	Eclipse Representative	Owner Representative	Method	Address of Contact	Response

10/29/2017	Bonnie Cunningham	N/A	Research	N/A	I've been researching various links to info in England and I am not coming up with information for this heir.
11/13/2017	Bonnie Cunningham	N/A	Research	N/A	Still researching for this person. Knowing the mother's name would help but not finding anything.
11/27/2017	Bonnie Cunningham	N/A	Research	N/A	Still researching.
12/1/2017	Bonnie Cunningham	N/A	Research	N/A	Unable to find heirs.
2/13/2018	Bonnie Cunningham	N/A	Research	N/A	Researched heirship again to find documents pertaining to the bankruptcy and turned final report in to Andy Bell, Gary Pownell and Luke Bates on what was found.
2/19/2018	Bonnie Cunningham	N/A	Research	N/A	Reviewed documents with Andy and Gary.
2/20/2018	Bonnie Cunningham	N/A	Research	N/A	Andy forwarded me a response from Andrew Bell regarding his thoughts on the bankruptcy. Andrew is going to further research this matter to see if the statute of limitations apply and the rights go back to the Stovers.
2/28/2018	Bonnie Cunningham	N/A	Research	N/A	Researched again and it appears he may have died in 1991. Match
1/28/2019	Bonnie Cunningham	N/A	Research	N/A	I was not able to locate this person or any reference to them in England.
4/15/2019	Bonnie Cunningham	N/A	Research	N/A	Attempted to dig further to find a location on the Stevens' but couldn't find anything new online.
7/24/2019	Bonnie Cunningham	N/A	Research	N/A	Found mother's maiden name was Jones. Located birth registration for William P. Stevens in England. District mentions Ealing.
10/25/2019	Bonnie Cunningham	N/A	Research	N/A	Additional online research. Nothing new found.
1/16/2020	Bonnie Cunningham	N/A	Research	N/A	Researched Ancestry.com but no additional leads found.
4/17/2020	Bonnie Cunningham	N/A	Research	N/A	Continued research but nothing new located.
9/30/2020	Bonnie Cunningham	N/A	Research	N/A	Found a William Patrick Stevens that died in 1992 and was a resident of Greater London. More research needed.
<b>10. Regarding the following tract, the following contacts were made or attempted:</b>					
Parcel Numbers: 09-017002.0000 (Tract 6), 09-023011.0000 (Tract 1), and 09-023010.0000 (Tract 2)					
Owner's Name: Unknown heirs and assigns of Margaret Smith					

Date	Eclipse Representative	Owner Representative	Method	Address of Contact	Response
10/29/2017	Bonnie Cunningham	N/A	Research	N/A	I've been researching various links to info in England and I am not coming up with information for this heir.
11/13/2017	Bonnie Cunningham	N/A	Research	N/A	Still researching for this person. Knowing the mother's name would help but not finding anything.
11/27/2017	Bonnie Cunningham	N/A	Research	N/A	Still researching.
12/1/2017	Bonnie Cunningham	N/A	Research	N/A	Unable to find heirs.
2/13/2018	Bonnie Cunningham	N/A	Research	N/A	Researched heirship again to find documents pertaining to the bankruptcy and turned final report in to Andy Bell, Gary Pownell and Luke Bates on what was found.
2/19/2018	Bonnie Cunningham	N/A	Research	N/A	Reviewed documents with Andy and Gary.
2/20/2018	Bonnie Cunningham	N/A	Research	N/A	Andy forwarded me a response from Andrew Bell regarding his thoughts on the bankruptcy. Andrew is going to further research this mater to see if the statute of limitations apply and the rights go back to the Stovers.
2/28/2018	Bonnie Cunningham	N/A	Research	N/A	Researched again and it appears he may have died in 1991. Match
1/28/2019	Bonnie Cunningham	N/A	Research	N/A	I was not able to locate this person or any reference to them in England.
4/15/2019	Bonnie Cunningham	N/A	Research	N/A	Attempted to dig further to find a location on the Stevens' but couldn't find anything new online.
7/24/2019	Bonnie Cunningham	N/A	Research	N/A	Found mother's maiden name was Jones. Located birth registration for William P. Stevens in England. District mentions Ealing.
10/25/2019	Bonnie Cunningham	N/A	Research	N/A	Additional online research. Nothing new found.
1/16/2020	Bonnie Cunningham	N/A	Research	N/A	Researched Ancestry.com but no additional leads found.
4/17/2020	Bonnie Cunningham	N/A	Research	N/A	Continued research but nothing new located.
9/30/2020	Bonnie Cunningham	N/A	Research	N/A	Found a William Patrick Stevens that died in 1992 and was a resident of Greater London. More research needed.
<b>11. Regarding the following tract, the following contacts were made or attempted:</b>					

<b>Parcel Numbers: 09-017002.0000 (Tract 6), 09-023011.0000 (Tract 1), and 09-023010.0000 (Tract 2)</b> <b>Owner's Name: Charles Haney</b>					
<b>Date</b>	<b>Eclipse Representative</b>	<b>Owner Representative</b>	<b>Method</b>	<b>Address of Contact</b>	<b>Response</b>
9/15/2017	Bonnie Cunningham	N/A	Research	N/A	Still researching all heirs of Marietta M. Stover
10/2/2017	Bonnie Cunningham	Charles W. Haney	Phone	N/A	Spoke with Charles, who indicated that he is not interest in leasing. He did say however that he may be interested in letting his son have the rights.
10/4/2017	Bonnie Cunningham	Charles W. Haney	Mail	421 Seminole Drive Blacksburg, VA 24060-7874	Sent lease packet to Charles via USPS.
10/13/2017	Bonnie Cunningham	Charles W. Haney	Email	N/A	Emailed with Charles regarding the lease and his family tree. He is still unsure about leasing, but he's been helpful in sorting out family history.
10/20/2017	Bonnie Cunningham	Charles W. Haney	Email	N/A	Received email from Charles regarding the lease and he is going to set up appointment with his broker to discuss.
10/25/2017	Bonnie Cunningham	Charles W. Haney	Email	N/A	Received email from Charles indicating that his broker (Edward Jones) told him not to do anything with the lease and that he was sending the letter back that he didn't want to lease and that he did not want to be contacted regarding the interest.
11/1/2017	Bonnie Cunningham	Charles W. Haney	Mail	421 Seminole Drive Blacksburg, VA 24060-7874	Received letter from Charles stating that he does not want to lease. Mr. Haney requested that he not be contacted further regarding this interest.
4/23/2018	Bonnie Cunningham	Charles W. Haney	Email	N/A	Offered to lease. Did not hear back from Mr. Haney.
2/4/2019	Bonnie Cunningham	Charles W. Haney	Email	N/A	Emailed Mr. Haney again.
2/5/2019	Bonnie Cunningham	Charles W. Haney	Mail	421 Seminole Drive Blacksburg, VA 24060-7874	Sent letter via certified mail.

2/11/2019	Bonnie Cunningham	Charles W. Haney	Mail	421 Seminole Drive Blacksburg, VA 24060-7874	Received green card back in mail.
2/12/2019	Bonnie Cunningham	Charles W. Haney	Mail	421 Seminole Drive Blacksburg, VA 24060-7874	Received letter back from Mr. Haney saying he doesn't not want to sign a lease.
5/7/2019	Bonnie Cunningham	Charles W. Haney	Email	N/A	Emailed Mr. Haney again to see if he's changed his mind.
8/23/2019	Bonnie Cunningham	Charles W. Haney	Phone	N/A	Called and left voicemail for Mr. Haney.
8/6/2020	Bonnie Cunningham	Charles W. Haney	Phone	N/A	Called and left voicemail for Mr. Haney.

**12. Regarding the following tract, the following contacts were made or attempted:**

**Parcel Numbers: 09-011031.0000 (Tract 40)**

**Owner's Name: Kenneth J. Knepp and Renee J. Knepp**

Date	Eclipse Representative	Owner Representative	Method	Address of Contact	Response
6/3/2020	Amy Wigner	Kenneth and Renee Knepp	Mail	125 Merle Boulevard Monroe Falls, OH 44262	Disclosure statement and letter mailed.
6/10/2020	Amy Wigner	Kenneth and Renee Knepp	Mail	125 Merle Boulevard Monroe Falls, OH 44262	Received signed disclosure statement.
6/10/2020	Amy Wigner	Renee Knepp	Phone	N/A	Left voicemail for Renee.
6/19/2020	Amy Wigner	Renee Knepp	Phone	N/A	Renee is reviewing lease. Agreed to add a few requested provisions to the lease.
6/24/2020	Amy Wigner	Renee Knepp	Phone	N/A	Renee said she discussed offer with Ken. He is likely to use an attorney. He is to provide update and attorney info once decided.
6/30/2020	Amy Wigner	Kenneth Knepp	Phone	N/A	Spoke with Ken. He will be using Yoss Law to review lease.
7/2/2020	Amy Wigner	Ryan Regal	In Person	N/A	Stopped in Yoss office. Ryan is representing and will call next week to discuss.

7/7/2020	Amy Wigner	Ryan Regal	Phone	N/A	Left message for Ryan to discuss lease.
7/17/2020	Amy Wigner	Ryan Regal	Email	N/A	Received email from Ryan asking for electronic copy of lease.
7/20/2020	Amy Wigner	Ryan Regal	Email	N/A	Forwarded lease to Ryan.
7/23/2020	Amy Wigner	Ryan Regal	Phone	N/A	Spoke with Ryan. Explained interest.
7/28/2020	Amy Wigner	Ryan Regal	Phone	N/A	Left message with Ryan asking if review is complete.
7/31/2020	Amy Wigner	Kenneth Knepp	Phone	N/A	Spoke with Ken. Said he was planning to visit Yoss office next week.
8/7/2020	Amy Wigner	Ryan Regal	Phone	N/A	Left message at Ryan's office.
8/7/2020	Amy Wigner	Ryan Regal	Email	N/A	Received email from Ryan stating he will review and get back to me soon.
8/10/2020	Amy Wigner	Ryan Regal	Phone	N/A	Left message for Ryan.
8/14/2020	Amy Wigner	Kenneth Knepp	Phone	N/A	Spoke with Ken again. Let me know he has also reached out to Ryan recently for update on lease review.
8/18/2020	Amy Wigner	Ryan Regal	Email	N/A	Sent email to Ryan asking for a few minutes to talk.
8/20/2020	Amy Wigner	Kenneth Knepp	Phone	N/A	Asked Ken for update. He'll reach out to Ryan again.
8/25/2020	Amy Wigner	Ryan Regal	Phone	N/A	Left message for Ryan.
8/27/2020	Amy Wigner	Kenneth Knepp	Phone	N/A	Spoke with Ken again. He said he did talk with Ryan and I should be receiving a response with the request soon.
9/2/2020	Amy Wigner	Ryan Regal	Email	N/A	Received addendum from Ryan. Discussed internally with Eclipse.
9/4/2020	Amy Wigner	Ryan Regal	Email	N/A	Forwarded redline back to Ryan.
9/17/2020	Amy Wigner	Ryan Regal	In Person	N/A	Stopped in Yoss office. Ryan was gone for the day but left message asking for update.
9/21/2020	Amy Wigner	Ryan Regal	Phone	N/A	Left another message for Ryan asking for a response to redline.
10/2/2020	Amy Wigner	Kenneth Knepp	Phone	N/A	Spoke with Ken. Explained Ryan has addendum redline but haven't heard back from him. Ken said he would reach out early next week.
10/5/2020	Amy Wigner	Kenneth Knepp	Phone	N/A	Spoke with Ken. He reached out to Ryan and is awaiting response.

10/15/2020	Amy Wigner	Kenneth Knepp	Phone	N/A	Spoke with Ken again. He left message for Ryan. Ken is also concerned about wanting no surface clause in his lease.
10/23/2020	Amy Wigner	Ryan Regal	Phone	N/A	Left additional message for Ryan.

**13. Regarding the following tract, the following contacts were made or attempted:**

**Parcel Numbers: 09-024003.1000 (Tract 3)**

**Owner's Name: CGO, Inc.**

Date	Eclipse Representative	Owner Representative	Method	Address of Contact	Response
7/23/2020	Luke Bates	Michael McCormick	Email	N/A	Emailed CGO's attorney to discuss the interest CGO has leased and offer to purchase the interest.
7/28/2020	Luke Bates	Michael McCormick	Email	N/A	Received email from Attorney who provided a response from Dr. Crum, owner of CGO. Stated that he is willing to talk but until the terms are more favorable, it's a waste of time.
8/4/2020	Luke Bates	Michael McCormick	Email	N/A	Emailed attorney and explained the market and reason for offer being lower than what CGO received in the past. Asked them to provide a reasonable counter offer for us to consider.
8/18/2020	Luke Bates	Michael McCormick	Phone	N/A	Called attorney and left message.
8/31/2020	Luke Bates	Michael McCormick	Email	N/A	Sent attorney an email to ask if they've had any further discussions on this matter. Attorney responded stating that CGO would accept \$4,000 per acre and 19% gross royalty less the 12.5% royalty paid to the Lessor.
9/22/2020	Luke Bates	Michael McCormick	Email	N/A	Sent counter offer to attorney for \$1,500 per acre and 18% gross royalty after ORRI.

**14. Regarding the following tract, the following contacts were made or attempted:**

**Parcel Numbers: 09-031006.0000 (Tract 65), 09-031004.0000 (Tract 66), and 09-031005.0000 (Tract 76)**

Owner's Name: Monroe Water Systems					
Date	Eclipse Representative	Owner Representative	Method	Address of Contact	Response
6/3/2020	Dwight Jones	N/A	Mail		Disclosure form and letter mailed.
7/14/2020	Dwight Jones	N/A	In Person	N/A	Stopped by the Monroe Water Systems office but the office was closed due to the pandemic.
9/11/2020	Dwight Jones	Elaine Alleman	Phone	N/A	Spoke with Elaine Alleman and she said she gave my disclosure letter to her boss but he hasn't signed it yet. She has the letter and said she would have him sign it this week.

**15. Regarding the following tract, the following contacts were made or attempted:**

Parcel Numbers: 09-017005.0000 (Tract 10)

Owner's Name: Equinor USA Onshore Properties, Inc.

Date	Eclipse Representative	Owner Representative	Method	Address of Contact	Response
5/20/2020	Austin Graybill	Ryan Horn	Email	N/A	Emailed Ryan to confirm whether Equinor extended Schinkovec lease in Rufener B unit.
5/20/2020	Austin Graybill	Ryan Horn	Email	N/A	Ryan responded that he believes it was extended but will obtain proof payment was made and get back to me.
5/21/2020	Austin Graybill	Ryan Horn	Email	N/A	Ryan confirmed that the lease was extended and still valid. Will formerly propose well to Equinor when we get closer to spud; confident we can work something out with them.

**16. Regarding the following tract, the following contacts were made or attempted:**

Parcel Numbers: 09-011006.0000 (Tract 23), 09-011024.0000 (Tract 24), 09-031016.0000 (Tract 60), 09-031013.0000 (Tract 61), 09-031012.0000 (Tract 62), 09-

031008.0000 (Tract 64), 09-031003.0000 (Tract 67), 09-031003.1000 (Tract 68), 09-031015.0000 (Tract 71), 09-031014.0000 (Tract 72), 09-031011.0000 (Tract 73), 09-031007.0000 (Tract 75), and 09-031002.0000 (Tract 77)

Owner's Name: Rex J. Randall and Elaine L. Randall

Date	Eclipse Representative	Owner Representative	Method	Address of Contact	Response
6/3/2020	Dwight Jones	Rex Randall	Mail	PO Box 3 Laings, OH 43752	Mailed disclosure form and letter.
6/8/2020	Dwight Jones	Rex Randall	Email	N/A	Received email from Mr. Randall questioning need for disclosure form. Replied with an explanation.
6/16/2020	Dwight Jones	Rex Randall	Mail	PO Box 3 Laings, OH 43752	Received signed disclosure form.
6/25/2020	Dwight Jones	Rex Randall	Mail	PO Box 3 Laings, OH 43752	Lease mailed for review.
7/9/2020	Dwight Jones	Rex Randall	Phone	N/A	Called and left message.
7/14/2020	Dwight Jones	Rex Randall	In Person	N/A	Stopped by the Randall house but no one was home.
7/20/2020	Dwight Jones	Rex Randall	In Person	N/A	Stopped by the Randall house but no answer.
7/29/2020	Dwight Jones	Rex Randall	In Person	N/A	Met with Mr. Randall and discussed the lease. Mr. Randall would like to see a unit map and agreed to meet with me again this week.
8/6/2020	Dwight Jones	Rex Randall	Phone	N/A	Had to reschedule meeting.
8/13/2020	Dwight Jones	Rex Randall	In Person	N/A	Stopped by house but no one was home.
9/2/2020	Dwight Jones	Rex Randall	In Person	N/A	Stopped by again but no answer.
9/8/2020	Dwight Jones	Rex Randall	Phone	N/A	Called and left a message for Mr. Randall.
9/9/2020	Dwight Jones	Rex Randall	Phone	N/A	Mr. Randall called and said they were going to be out of town but should be available next week.
9/17/2020	Dwight Jones	Rex Randall	In Person	N/A	Stopped by but no one was home.
9/22/2020	Dwight Jones	Rex Randall	Phone	N/A	Called and left message.
9/24/2020	Dwight Jones	Rex Randall	In Person	N/A	Stopped by but no one was home.
9/29/2020	Dwight Jones	Rex Randall	Phone	N/A	Called and left message.
10/8/2020	Dwight Jones	Rex Randall	In Person	N/A	Stopped by again but no one was home.
10/15/2020	Dwight Jones	Rex Randall	In Person	N/A	Stopped again but no one was home.

**17. Regarding the following tract, the following contacts were made or attempted:**

**Parcel Numbers: 09-011029.0000 (Tract 29) and 09-011025.0000 (Tract 30)**

**Owner's Name: Estate of Donna Mae Coplan**

<b>Date</b>	<b>Eclipse Representative</b>	<b>Owner Representative</b>	<b>Method</b>	<b>Address of Contact</b>	<b>Response</b>
6/29/2020	Dwight Jones	Larry Coplan	Phone	N/A	Called Mr. Coplan but no answer and his voice mailbox wasn't working.
7/6/2020	Dwight Jones	Larry Coplan	Phone	N/A	Spoke with Mr. Coplan who said his sister is handling his mother's estate. He said he would talk to his sister.
7/13/2020	Dwight Jones	Larry Coplan	Phone	N/A	Tried calling Mr. Coplan again but now answer.
7/17/2020	Dwight Jones	Larry Coplan	Phone	N/A	Called but no answer.
7/24/2020	Dwight Jones	Larry Coplan	Phone	N/A	Spoke with Mr. Coplan. Said his sister would be traveling to Monroe County in August to see about mother's probate.
8/4/2020	Dwight Jones	Vicki Nething	Phone	N/A	Spoke with Vicki Nething, Executor for Donna Mae Coplan's estate. Mrs. Nething said she is talking to Attorney Ryan Regal about opening probate for her mother's estate.
8/19/2020	Dwight Jones	Ryan Regal	Phone	N/A	Spoke with Ryan. Said he needed to speak with Medicaid about Donna Mae Coplan's estate.

**18. Regarding the following tract, the following contacts were made or attempted:**

**Parcel Numbers: 09-011035.0000 (Tract 36)**

**Owner's Name: Laings Presbyterian Cemetery, Inc.**

<b>Date</b>	<b>Eclipse Representative</b>	<b>Owner Representative</b>	<b>Method</b>	<b>Address of Contact</b>	<b>Response</b>
6/5/2020	Dwight Jones	N/A	Mail	43005 Six Points Road Laings, OH 43752	Disclosure form and letter mailed.
6/16/2020	Dwight Jones	N/A	Mail	43005 Six Points Road Laings, OH 43752	Received signed disclosure form.

6/22/2020	Dwight Jones	N/A	Mail	43005 Six Points Road Laings, OH 43752	Lease sent for review.
7/9/2020	Dwight Jones	Rex Randall	Phone	N/A	Called and left message for Rex Randall, VP of Laings Presbyterian Cemetery, Inc.
7/14/2020	Dwight Jones	Rex Randall	In Person	N/A	Stopped by the Randall house but no one was home.
7/20/2020	Dwight Jones	Rex Randall	In Person	N/A	Stopped by the Randall house but no answer.
7/29/2020	Dwight Jones	Rex Randall	In Person	N/A	Met with Mr. Randall and discussed the lease. Mr. Randall would like to see a unit map and agreed to meet with me again this week.
8/6/2020	Dwight Jones	Rex Randall	Phone	N/A	Had to reschedule meeting.
8/13/2020	Dwight Jones	Rex Randall	In Person	N/A	Stopped by house but no one was home.
9/2/2020	Dwight Jones	Rex Randall	In Person	N/A	Stopped by again but no answer.
9/8/2020	Dwight Jones	Rex Randall	Phone	N/A	Called and left a message for Mr. Randall.
9/9/2020	Dwight Jones	Rex Randall	Phone	N/A	Mr. Randall called and said they were going to be out of town but should be available next week.
9/17/2020	Dwight Jones	Rex Randall	In Person	N/A	Stopped by but no one was home.
9/22/2020	Dwight Jones	Rex Randall	Phone	N/A	Called and left message.
9/24/2020	Dwight Jones	Rex Randall	In Person	N/A	Stopped by but no one was home.
9/29/2020	Dwight Jones	Rex Randall	Phone	N/A	Called and left message.
10/8/2020	Dwight Jones	Rex Randall	In Person	N/A	Stopped by again but no one was home.
10/15/2020	Dwight Jones	Rex Randall	In Person	N/A	Stopped again but no one was home.

**19. Regarding the following tract, the following contacts were made or attempted:**

Parcel Numbers: 09-011033.0000 (Tract 48)

Owner's Name: Laings Presbyterian Church

Date	Eclipse Representative	Owner Representative	Method	Address of Contact	Response
6/5/2020	Dwight Jones	N/A	Mail	43005 Six Points Road Laings, OH 43752	Disclosure form and letter mailed.
6/16/2020	Dwight Jones	N/A	Mail	43005 Six Points Road Laings, OH 43752	Received signed disclosure form.

6/22/2020	Dwight Jones	N/A	Mail	43005 Six Points Road Laings, OH 43752	Lease sent for review.
7/9/2020	Dwight Jones	Rex Randall	Phone	N/A	Called and left message for Rex Randall, who previously executed a lease on behalf of the church and was granted permission by the Upper Ohio Valley Presbyterian Church to do so.
7/14/2020	Dwight Jones	Rex Randall	In Person	N/A	Stopped by the Randall house but no one was home.
7/20/2020	Dwight Jones	Rex Randall	In Person	N/A	Stopped by the Randall house but no answer.
7/29/2020	Dwight Jones	Rex Randall	In Person	N/A	Met with Mr. Randall and discussed the lease. Mr. Randall would like to see a unit map and agreed to meet with me again this week.
8/6/2020	Dwight Jones	Rex Randall	Phone	N/A	Had to reschedule meeting.
8/13/2020	Dwight Jones	Rex Randall	In Person	N/A	Stopped by house but no one was home.
9/2/2020	Dwight Jones	Rex Randall	In Person	N/A	Stopped by again but no answer.
9/8/2020	Dwight Jones	Rex Randall	Phone	N/A	Called and left a message for Mr. Randall.
9/9/2020	Dwight Jones	Rex Randall	Phone	N/A	Mr. Randall called and said they were going to be out of town but should be available next week.
9/17/2020	Dwight Jones	Rex Randall	In Person	N/A	Stopped by but no one was home.
9/22/2020	Dwight Jones	Rex Randall	Phone	N/A	Called and left message.
9/24/2020	Dwight Jones	Rex Randall	In Person	N/A	Stopped by but no one was home.
9/29/2020	Dwight Jones	Rex Randall	Phone	N/A	Called and left message.
10/8/2020	Dwight Jones	Rex Randall	In Person	N/A	Stopped by again but no one was home.
10/15/2020	Dwight Jones	Rex Randall	In Person	N/A	Stopped again but no one was home.

**20. Regarding the following tract, the following contacts were made or attempted:**

**Parcel Numbers: 09-031021.0000 (Tract 42), 09-031024.0000 (Tract 43), 09-031022.0000 (Tract 51), and 09-031023.0000 (Tract 52)**

**Owner's Name: Steven Fleming**

Date	Eclipse Representative	Owner Representative	Method	Address of Contact	Response
6/5/2020	Dwight Jones	Steven Fleming	Mail	44350 State Route 255 Laings, OH 43752	Disclosure statement and letter mailed.

6/10/2020	Dwight Jones	Steven Fleming	Mail	44350 State Route 255 Laings, OH 43752	Signed disclosure statement received.
6/17/2020	Dwight Jones	Steven Fleming	Mail	44350 State Route 255 Laings, OH 43752	Mailed lease for review.
6/19/2020	Dwight Jones	Steven Fleming	Email	N/A	Received email from Mr. Fleming stating he will not sign the lease as he feels he was wronged in the past.
6/23/2020	Dwight Jones	Steven Fleming	Email	N/A	Sent Mr. Fleming an email asking him to give me a call to discuss the situation. He responded and said no to a talk. He also requested \$1,000 to lease his 4 lots and an additional \$2,200 for extension payments never received on his previous lease.
6/29/2020	Dwight Jones	Steven Fleming	Email	N/A	Emailed Mr. Fleming with a screenshot of the Extension of Term paragraph from his previous lease showing that Eclipse had the right not to make the extension payment and to void the lease. Mr. Fleming responded saying he feels he was supposed to be paid a lump sum of \$5,000.
6/30/2020	Dwight Jones	Steven Fleming	Email	N/A	Responded asking Mr. Fleming additional questions.
7/6/2020	Dwight Jones	Steven Fleming	Email	N/A	Received email from Mr. Fleming and he said he might have been mistaken on the amount of money received but said if he was paid \$3,530, he's still owed \$1,470.

**21. Regarding the following tract, the following contacts were made or attempted:**

**Parcel Numbers: 09-031029.0000 (Tract 46) and 09-031030.0000 (Tract 55)**

**Owner's Name: David P. King**

Date	Eclipse Representative	Owner Representative	Method	Address of Contact	Response
6/5/2020	Dwight Jones	David P. King	Mail	42971 Six Points Road Laings, OH 43752	Disclosure form and letter mailed.
6/11/2020	Dwight Jones	N/A	Research	N/A	Online research for the Kings and their property.
7/13/2020	Dwight Jones	David P. King	Mail	42971 Six Points Road Laings, OH 43752	Another disclosure form and letter mailed.

10/15/2020	Dwight Jones	Sara Kraft	Phone	N/A	Asked Mrs. Kraft about the Kings and she thinks they may be living in West Virginia.
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**22. Regarding the following tract, the following contacts were made or attempted:**

**Parcel Numbers: 09-031029.0000 (Tract 46) and 09-031030.0000 (Tract 55)**

**Owner's Name: Hattie J. King**

Date	Eclipse Representative	Owner Representative	Method	Address of Contact	Response
6/5/2020	Dwight Jones	Hattie King	Mail	42971 Six Points Road Laings, OH 43752	Disclosure form and letter mailed.
6/11/2020	Dwight Jones	N/A	Research	N/A	Online research for the Kings and their property.
7/13/2020	Dwight Jones	Hattie King	Mail	42971 Six Points Road Laings, OH 43752	Another disclosure form and letter mailed.
10/15/2020	Dwight Jones	Sara Kraft	Phone	N/A	Asked Mrs. Kraft about the Kings and she thinks they may be living in West Virginia.

## **Attachment 2 Exhibit 8**

**EXHIBIT 8**  
**STATE OF OHIO**  
**DEPARTMENT OF NATURAL RESOURCES**  
**DIVISION OF OIL AND GAS RESOURCES MANAGEMENT**

In re the Matter of the Application of Eclipse :  
Resources I, LP for Unit Operation :  
: Application Date: October 22, 2020  
: :  
Rufener B Unit :

**DUE DILIGENCE AFFIDAVIT**

I, Austin Graybill, being first duly sworn and cautioned, affirm and state as follows:

1. Affiant is competent to testify on the matters contained in this affidavit.
2. Affiant, Austin Graybill is employed at Eclipse Resources I, LP and my daily responsibilities include unit formation, lease analysis, creating and obtaining joint operating agreements from competitors. I also contact various landowners, working interest competitors and partners to negotiate oil and gas leases and/or working interest approvals.
3. Affiant has the authority to sign this Affidavit on behalf of Eclipse Resources I, LP ("Eclipse").
4. Pursuant to Ohio Revised Code § 1509.28, Eclipse is filing an application with the Chief of the Division of Oil and Gas Resources Management (DOGRM) requesting an order authorizing Eclipse to operate the Unitized Formation and applicable land area, identified as the Rufener B Unit. The Rufener B Unit is located in Monroe County, Ohio, and as a unit of an entire pool or part thereof consists of seventy-seven (77) separate tracts of land covering approximately 484.609 acres.
5. As a function of Affiant's job duties, Affiant, or persons under Affiant's direction or supervision, has personal knowledge of the matters set forth in this affidavit. Further, Affiant, or persons under Affiant's direction or supervision, has reviewed all documents, which reflect Eclipse's efforts to identify and locate mineral interest owners within the proposed unit.
6. Affiant attests that Eclipse acted with due diligence, and will continue to, to identify all mineral interest owners within the proposed unit and ascertain their current addresses. These efforts include diligently reviewing county public records to determine mineral ownership. Affiant further attests that where it was not reasonably possible or practicable to identify mineral interest owners' identities or addresses, Eclipse will provide notice by publication of a hearing scheduled pursuant to R.C. 1509.28.

7. Eclipse attests that, to the best of its knowledge, the names and addresses it has provided to DOGRM are accurate.
8. Affiant understands that the DOGRM is relying on the statements and representations contained in this Affidavit to verify that Eclipse has acted with all due diligence to identify and locate mineral interest owners for tracts contained within the proposed unit. Further, Eclipse understands its duty to provide to DOGRM updated mineral interest owner's information as soon as is practicable, and understands that updated information (e.g., identifying a previously unknown heir) may result in a new or rescheduled unitization hearing.
9. Affiant states that the above is a true and accurate to the best of Affiant's knowledge and belief.

## FURTHER AFFIANT SAYETH NAUGHT.



A handwritten signature in black ink, appearing to read "Michael C. Hall". The signature is fluid and cursive, with a prominent loop on the right side.

By: Austin Graybill  
Senior Landman

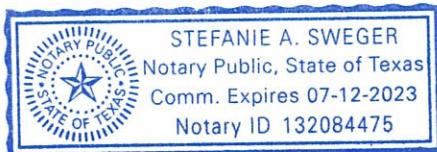
STATE OF TEXAS )  
 )ss:  
COUNTY OF DALLAS )

Sworn to and subscribed before me this 22<sup>nd</sup> day of October, 2020, by Austin Graybill.

Delmar A. Suydam

## Notary Public

My commission expires:



## **Attachment 2 Exhibit 9**

**STATE OF OHIO**  
**DEPARTMENT OF NATURAL RESOURCES**  
**DIVISION OF OIL AND GAS RESOURCES MANAGEMENT**

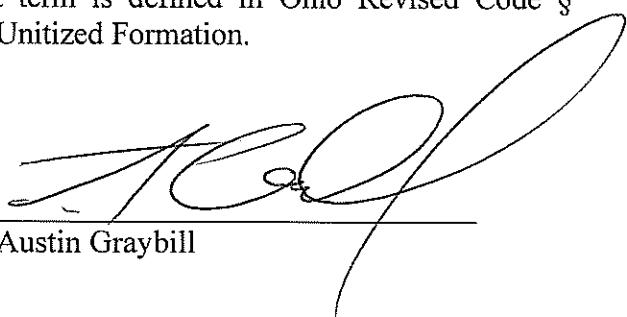
In re the Matter of the Application of :  
Eclipse Resources I, LP, for Unit Operation :  
Rufener B Unit : Application Date: October 22, 2020  
: :  
:

**AFFIDAVIT OF OWNERSHIP**

I, Austin Graybill, being first duly cautioned and sworn, do hereby depose and state as follows:

1. My name is Austin Graybill and I am a Landman Senior with Eclipse Resources I, LP (the "Applicant"). My day-to-day responsibilities include overseeing and directing lease acquisition for the Applicant in the State of Ohio.
2. As a result of my responsibilities, I have personal knowledge of the matters set forth in this affidavit and the following information is true to the best of my knowledge and belief.
3. Pursuant to Ohio Revised Code § 1509.28, the Applicant is filing herewith an application with the Chief of the Division of Oil and Gas Resources Management requesting an order authorizing the Applicant to operate the Unitized Formation and applicable land area, identified as the Rufener B Unit, according to the Unit Plan attached thereto (the "Application") (as those terms are used and defined therein). The Rufener B Unit located in Monroe County, Ohio consists of seventy-seven (77) separate tracts of land totaling approximately 484.609 acres.
4. As of the Application Date set forth above, the Applicant and Working Interest Owners supporting the Application are the owners, as that term is defined in Ohio Revised Code § 1509.01(K), of at least 65% of the land overlying the Unitized Formation.

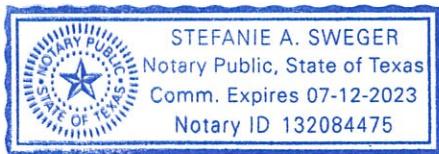
Further Affiant sayeth naught.



Austin Graybill

STATE OF TEXAS )  
 )  
COUNTY OF DALLAS ) SS

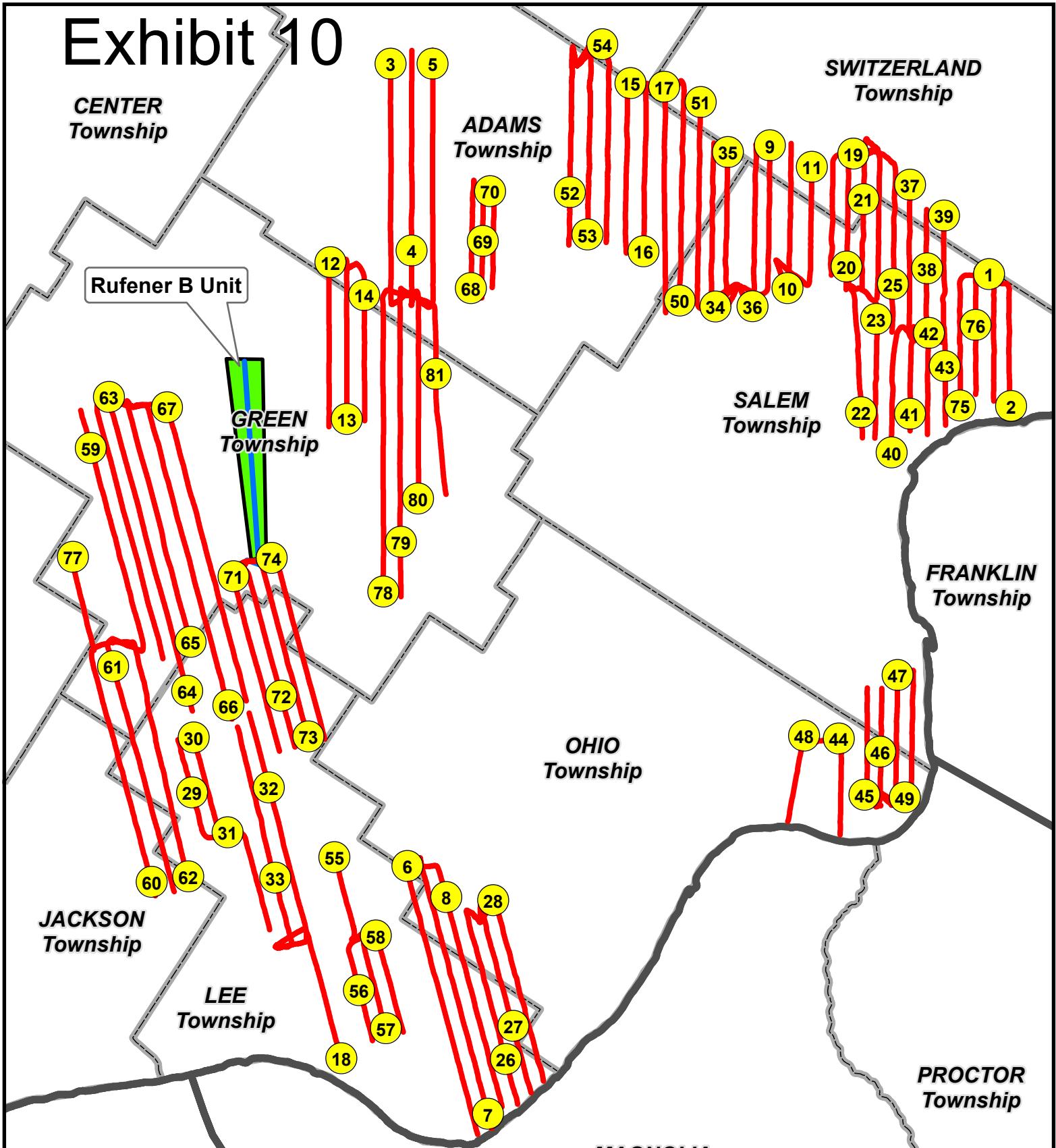
Sworn to and subscribed before me this 22<sup>nd</sup> day of October, 2020.



Selma A. Suyon  
Notary Public

## **Attachment 2 Exhibit 10**

# Exhibit 10



Map ID	Well Name	API	Prod Date	Map ID	Well Name	API	Prod Date	Map ID	Well Name	API	Prod Date	Map ID	Well Name	API	Prod Date			
1	BALLPARK 2H	34111248020000	5/1/2018	21	DIETRICH A 6H	34111245710000	11/1/2015	41	MOSER C 4H	34111246260000	6/1/2017	61	ROLLAND E 4HA	34111248380000	2/1/2019			
2	BALLPARK 4H	34111248030000	5/1/2018	22	DIETRICH C 4H	34111245810000	12/1/2015	42	MOSER C 6H	34111246250000	6/1/2017	62	ROLLAND F 6HA	34111244080000	2/1/2019			
3	BLUEBONNET A 1H	34111248840000	2/1/2020	23	DIETRICH C 6H	34111245820000	12/1/2015	43	MOSER C 8H	34111246820000	6/1/2017	63	ROTH A 2H	34111247910000	5/1/2019			
4	BLUEBONNET B 3H	34111248830000	2/1/2020	24	FUCHS A 2H	34111245700000	11/1/2015	44	ORMET 11-15UH	34111247770100	1/1/2018	64	ROTH B 4H	34111248110000	5/1/2019			
5	BLUEBONNET C 5H	34111248850000	2/1/2020	25	FUCHS A 4H	34111245740000	11/1/2015	45	ORMET 4-9UH	34111245830000	10/1/2018	65	ROTH C 6H	34111248140000	5/1/2019			
6	BOLEN A 2H	34111248390000	4/1/2019	26	HANNIBAL A 2H	34111248200000	10/1/2018	46	ORMET 5-9UH	34111245840000	10/1/2018	66	ROTH D 8H	34111248120000	5/1/2019			
7	BOLEN B 4H	34111248400000	4/1/2019	27	HANNIBAL B 4H	34111248210000	10/1/2018	47	ORMET 6-9UH	34111245850000	10/1/2018	67	ROTH E 10H	34111248130000	5/1/2019			
8	BOLEN C 6H	34111248410000	4/1/2019	28	HANNIBAL B 6H	34111248220000	10/1/2018	48	ORMET 7-15UH	34111245860000	1/1/2018	68	SAWYERS 4H	34111245160000	6/1/2015			
9	CIRCOSTA 1H	34111246090000	4/1/2019	29	HERRICK A 3H	34111244010000	6/1/2014	49	ORMET 7-9UH	34111247580000	10/1/2018	69	SAWYERS 6H	34111245170000	6/1/2015			
10	CIRCOSTA B 1H	34111247760000	4/1/2019	30	HERRICK B 5H	34111244030000	6/1/2014	50	PITTMAN 2H	34111245930000	11/22/2019	70	SAWYERS 8H	34111245150000	6/1/2015			
11	CIRCOSTA B 3H	34111247750000	4/1/2019	31	HERRICK C 8H	34111244040000	10/1/2016	51	PITTMAN 3H	34111246100000	12/1/2016	71	SHARICK A 2H	34111249130000	8/16/2020			
12	COYOTE A 2H	34111249080000	7/1/2020	32	HERRICK EAST 11H	34111247270000	12/1/2017	52	PYLES B 4H	34111248650000	8/1/2019	72	SHARICK A 4H	34111249140000	8/16/2020			
13	COYOTE A 4H	34111249070000	7/1/2020	33	HERRICK EAST A 9H	34111247404000	12/1/2017	53	PYLES C 6H	34111248660000	8/1/2019	73	SHARICK C 6H	34111249150000	8/16/2020			
14	COYOTE B 6H	34111249060000	7/1/2020	34	HOLLIDAY A 1H	34111245920000	12/1/2016	54	PYLES C 8H	34111248670000	8/1/2019	74	SHARICK C 8H	34111249160000	8/16/2020			
15	CRAIG MILLER A 2H	34111248530000	11/1/2019	35	HOLLIDAY A 3H	34111245910000	12/1/2016	55	RICHARD STALDER A 3UH	34111243850100	2/1/2014	75	SHROYER 2H	34111244160000	8/1/2014			
16	CRAIG MILLER A 4H	34111248560000	11/1/2019	36	HOLLIDAY B 7H	34111245960000	12/1/2016	56	RICHARD STALDER C 6UH	34111243860000	2/1/2014	76	SHROYER 4H	34111244150000	8/1/2014			
17	CRAIG MILLER B 6H	34111248540000	11/1/2019	37	MOSER A 1H	34111246310000	6/1/2017	57	RICHARD STALDER C 7UH	34111243890000	2/1/2014	77	TIPPENS 6HS	34111243450000	12/21/2013			
18	DAVID STALDER B 12H	34111247250000	12/1/2017	38	MOSER A 3H	34111246300000	6/1/2017	58	RICHARD STALDER C 8UH	34111243880000	2/1/2014	78	WILEY D 8H	34111247970000	9/1/2018			
19	DIETRICH A 2H	34111245730000	11/1/2015	39	MOSER A 5H	34111246290000	6/1/2017	59	ROLLAND C 5H	34111247660000	6/1/2018	79	YELLOW ROSE A 2H	34111247990000	9/1/2018			
20	DIETRICH A 4H	34111245720000	11/1/2015	40	MOSER C 2H	34111246270000	6/1/2017	60	ROLLAND D 2H	34111248320000	2/1/2019	80	YELLOW ROSE B 4H	34111247980000	9/1/2018			
															81	YELLOW ROSE C 6H	34111247950000	9/1/2018

OFFSET PRODUCING LATERAL  
PLANNED LATERAL  
UNIT BOUNDARY



**ECLIPSE  
RESOURCES**

Rufener B Unit  
- Offset Wells -  
Monroe County  
Date: 10/20/2020

## **Attachment 3**

**STATE OF OHIO  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL AND GAS RESOURCES MANAGEMENT**

In re the Matter of the Application of :  
Eclipse Resources I, LP, for :  
Unit Operation : Application Date: October 22, 2020  
: :  
Rufener B Unit :

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**PREPARED TESTIMONY OF STEPHEN MORGAN ON BEHALF OF ECLIPSE  
RESOURCES I, LP (“ECLIPSE”)**

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J. Taylor Airey (0081092)  
Eclipse Resources I, LP  
122 West John Carpenter Freeway, Suite 300  
Irving, Texas 75039

Attorney for Applicant,  
Eclipse Resources I, LP

Attachment 3

## **PREPARED DIRECT TESTIMONY OF STEPHEN MORGAN**

### **INTRODUCTION**

#### **Q1. Please introduce yourself to the Division.**

A1. My name is Stephen Morgan, and I am a Senior Geologist for Eclipse Resources I, LP (“Eclipse”). My business address is 122 West John Carpenter Freeway, Suite 300, Irving, Texas 75039.

#### **Q2. What is your educational background?**

A2. I received my bachelor’s degree in Geology from the University of Kentucky in 2010.

#### **Q3. Would you briefly describe your professional experience?**

A3. I have ten years of experience working as a geologist at two oil and gas exploration companies and have been responsible for locating, designing, and drilling conventional and unconventional wells throughout the Appalachian Basin. This includes prospect evaluation, creating regional geologic and petrophysical models, and structural / stratigraphic cross-sections used for reservoir characterization. Other duties include contributing to economic feasibility studies, asset ranking, and building future development models.

#### **Q4. What do you do as a Geologist for Eclipse?**

A4. I work on the evaluation of shale resource plays in the Appalachian Basin, including the Utica / Point Pleasant formation. Specifically, I use subsurface data from wells, and other data, for reservoir characterization and development of the company’s oil and gas assets.

#### **Q5. What types of subsurface data are you analyzing?**

A5. I analyze well log information from previously drilled wells, core data, and available seismic data.

#### **Q6. Are you a member of any professional associations?**

A6. Yes, I am a member of the American Association of Petroleum Geologists, Pittsburgh Association of Petroleum Geologists, and Certified Petroleum Geologist through the American Association of Petroleum Geologist.

#### **Q7. What is the purpose of your testimony today?**

A7. I am testifying in support of the *Application of Eclipse Resources I, LP for Unit*

*Operation* filed with respect to the Rufener B Unit as specifically described in Exhibit A and A-1 of the Unit Operating Agreement. My testimony will show that the Unitized Formation described in the Application is part of a pool and thus an appropriate subject of unitization. Additionally, my testimony will support the Unit Plan's allocation of unit production and expenses to separately owned tracts on a surface-acreage basis, based on the unit area's nearly uniform thickness and substantially similar geological characteristics throughout.

**UNITIZED FORMATION IS PART OF A POOL.**

**Q8. To begin, would you tell me what a “pool” is?**

A8. A pool is a consolidated area or ‘unit’ within a defined reservoir containing hydrocarbons. This is consistent with the Ohio statutory definition defining a pool as “an underground reservoir containing a common accumulation of oil or gas, or both, but does not include a gas storage reservoir.”

**Q9. How is the Unitized Formation defined for the Rufener B Unit?**

A9. It is defined as the subsurface portion of the Rufener B Unit located between fifty (50') above the top of the Utica formation to fifty (50') below the top of the Trenton formation.

**Q10. Do you have an opinion on whether or not the Unitized Formation contemplated by the Rufener B Unit constitutes a pool or part of a pool?**

A10. Yes. It is my opinion, based on my education and professional experience, that the Unitized Formation under the Rufener B Unit qualifies as part of a pool.

**Q11. Why?**

A11. My evaluation of the subsurface data indicates that the Utica / Point Pleasant formation is present under the Rufener B Unit. Because there is no impermeable layer separating the Utica and Point Pleasant formation, they are indeed a pool. The Utica / Point Pleasant formation is an unconventional reservoir which has streaks of better and worse porosity throughout the section. Microseismic data indicates that we do stimulate the Utica and Point Pleasant formation. Fracture stimulation of the section should connect much of this porosity, and it is reasonable to assume that all of it will contribute to the resulting production.

**Q12. When you refer to the Utica / Point Pleasant formation, to what are you referring?**

A12. The Utica / Point Pleasant formation is the term used to describe the subsurface formation from the top of the Utica formation to the top of the Trenton formation.

**Q13. Is your opinion based on your education and professional experience?**

A13. Yes, my opinion is based on my education and professional experience.

**Q14. And is this a commonly accepted method of analysis in your profession for determining whether a pool or part of a pool exists?**

A14. Yes, this is a commonly accepted industry approach in defining what is a pool or part of a pool.

**ALLOCATION METHODOLOGY**

**Q15. Production and expenses are allocated to the separate tracts in the Rufener B Unit under the Unit Plan on a surface-acreage basis. Do you have an opinion on whether that allocation method is appropriate, given your education and professional experience?**

A15. I do. In my opinion, that allocation methodology is appropriate.

**Q16. Why?**

A16. The reservoir is uniform in thickness and quality throughout the unitized formation across the unit as demonstrated in Attachment 2 Exhibit 2. The lack of substantial variation across the Rufener B Unit indicates there is no geologic reason to allocate production using a different method.

**Q17. Do you have any exhibits to help explain your testimony?**

A17. Yes, Attachment 2, Exhibit 1 and Attachment 2, Exhibit 2. Attachment 2, Exhibit 1 shows a cross section map of the location of the Sawyers well pad and surrounding wells while Attachment 2, Exhibit 2 is a wireline log from two (2) wells close in proximity to the Rufener B Unit. As you can see from the cross-section of wireline logs, the Utica / Point Pleasant formation is similar in thickness and character under the Rufener B Unit. Therefore, I expect similar production and gas in place of the Utica / Point Pleasant formation under the entire Rufener B Unit.

**Q18. In your experience, is this a common method for allocating production and expenses?**

A18. Yes, this is a commonly accepted practice in the industry.

**Q19. Have you seen this allocation method used in other unconventional plays?**

A19. Yes, in the Appalachian Basin and the Fort Worth Basin.

**Q20. Does this conclude your testimony?**

A20. Yes.

## **Attachment 4**

**STATE OF OHIO  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL AND GAS RESOURCES MANAGEMENT**

In re the Matter of the Application of :  
Eclipse Resources I, LP for Unit Operation :  
: Application Date: October 22, 2020  
:   
Rufener B Unit :

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**PREPARED TESTIMONY OF ADAM A. CAPUTO  
ON BEHALF OF ECLIPSE RESOURCES I, LP**

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J. Taylor Airey (0081092)  
Eclipse Resources I, LP  
122 West John Carpenter Freeway, Suite 300  
Irving, Texas 75039

Attorney for Applicant,

Eclipse Resources I, LP

Attachment 4

**PREPARED DIRECT TESTIMONY OF ADAM A. CAPUTO**

1   **INTRODUCTION.**

2   **Q1.   Please introduce yourself to the Division.**

3   A1.   My name is Adam A. Caputo. I am a Reservoir Engineer with Eclipse Resources I,  
4           LP.

5   **Q2.   What is your educational background?**

6   A2.   I received a Bachelor in Science Degree in Petroleum Engineering from Texas Tech  
7           University in 2011.

8   **Q3.   Would you briefly describe your professional experience?**

9   A3.   I have worked in multiple basins over my 6 years in the industry. I started working  
10          for Encana in 2011 in East Texas as a Production Engineer working Haysville and in  
11          2013 became a Reservoir engineer working an exploration project in Eagle Ford. I  
12          then worked Marcellus and Utica shale wells for Stone Energy from 2014-2016. My  
13          responsibilities included analyzing and optimizing well performance. In addition I  
14          was responsible for completing the reserve estimations for the Appalachia assets. I  
15          accepted my current position at Eclipse Resources as the Manager of Reserves in  
16          August of 2016.

17   **Q4.   What do you do as a Reservoir Engineer for Eclipse?**

18   A4.   At Eclipse, my primary responsibility is to estimate oil and gas reserves and the net  
19          value to the company. I provide economic evaluations for internal projects as well  
20          as assist in asset evaluation for potential acquisitions.

21   **Q5.   Are you a member of any professional associations?**

22   A5.   I am a member of the Society of Petroleum Engineers.

23   **Q6.   What is the purpose of your testimony today?**

24   A6.   I am testifying in support of the *Application of Eclipse Resources I, LP for Unit*  
25          *Operation* filed with respect to the Rufener B Unit as specifically described in  
26          Exhibit A and A-1 to the Unit Operating Agreement. My testimony addresses the  
27          following: (i) that unit operations for the Rufener B Unit are reasonably necessary to  
28          increase substantially the recovery of oil and gas; and (ii) that the value of the  
29          estimated additional recovery due to unit operations exceeds its estimated additional  
30          costs.

1    **UNIT OPERATIONS ARE REASONABLY NECESSARY TO INCREASE**  
2    **SUBSTANTIALLY THE RECOVERY OF OIL AND GAS.**

3    **Q7. Would you describe briefly how Eclipse anticipates developing the Rufener B**  
4    **Unit?**

5    A7.   Eclipse plans to drill one lateral well of approximately 12,477 feet in length to  
6    develop the Rufener B Unit. The development plan for the Rufener B Unit is  
7    demonstrated in Attachment 2, Exhibit 4.

8    **Q8. Do you have an opinion on whether unit operations in the Rufener B Unit are**  
9    **reasonably necessary to increase substantially the recovery of oil and gas from**  
10   **the unit properties, and if so, what is your opinion?**

11   A8.   Yes. It is my opinion that unit operations are reasonably necessary to increase  
12   substantially the recovery of oil and gas from the unit properties. I estimate that  
13   production from the Rufener B Unit could be as much as 28.1 Bcf of natural gas.  
14   This estimate is based on Eclipse's flow tests in the area, limited competitor  
15   production data, public investor press releases, and reasonable engineering  
16   assumptions derived from studying other shale reservoirs. Further, my estimations  
17   of the production without an order granting unitized operations on the Rufener B  
18   Unit are detailed on Attachment 2, Exhibit 5. Due to both (i) the location of the  
19   unleased parcels, and (ii) set-back requirements that prevent development of adjacent  
20   leased parcels, without an order for unit operations, the proposed horizontal well  
21   cannot be drilled.

22   **Q9. Are the estimates that you made based on good engineering practices and**  
23   **accepted methods in the industry?**

24   A9.   Yes.

25   **Q10. Can you calculate the production from these wells ahead of time with**  
26   **mathematical certainty?**

27   A10.   Projecting production during early phases of development of a shale formation, such  
28   as the Utica / Point Pleasant, is especially difficult.

29   **Q11. Is horizontal drilling technology, including hydraulic fracturing the formation,**  
30   **required to economically develop unconventional resources?**

31   A11.   Yes.

1      **Q12. Is horizontal drilling common in the oil and gas industry?**  
2      A12. Yes.

3      **Q13. Is it fair to say that horizontal wells are commonly used to develop shale**  
4      **formations like the Utica / Point Pleasant Formation today?**

5      A13. Yes.

6      **Q14. In your professional opinion, would it be economic to develop the Rufener B**  
7      **Unit using vertical drilling?**

8      A14. No. You simply cannot get the volume of production that you would need to make  
9      the development economic. Horizontal drilling combined with multi-stage hydraulic  
10     fracturing increases the reservoir contact with the well bore, which increases the  
11     volume you can produce. Substantial exposure to the reservoir using horizontal wells  
12     is essential to economically and effectively develop unconventional shale reservoirs  
13     like the Utica / Point Pleasant.

14     **VALUE OF ESTIMATED ADDITIONAL RECOVERY EXCEEDS ITS**  
15     **ESTIMATED ADDITIONAL COSTS**

16     **Q15. Let's turn to the financial side of the project. Generally, in your professional**  
17     **experience, how would the economics of a development project such as the**  
18     **development of the Rufener B Unit be evaluated?**

19     A15. Generally, an economic evaluation is performed by predicting oil, natural gas, and  
20     natural gas liquids production and applying the appropriate commodity price deck to  
21     calculate revenue. Capital costs, operating expenses, royalty burden, and taxes would  
22     then be applied to perform an economic evaluation.

23     **Q16. Did you do that here?**

24     A16. Yes.

25     **Q17. Would you walk us through your economic evaluation, beginning with your**  
26     **estimate of the anticipated revenue stream from the Rufener B Unit's**  
27     **development?**

28     A17. Of course. The production stream I used, previously discussed, was first netted for a  
29     royalty burden. I then applied a flat price for natural gas, using the NYMEX strip  
30     price, subtracting any anticipated basis differential and correcting for heat value  
31     content in the natural gas. This natural gas price is based on individual product

pricing, subtracting out any additional fees for transportation and marketing.

## Q18. What about anticipated capital and operating expenses?

A18. Capital costs are associated with the construction, drilling, completion, and facilities. Operations engineers provided detailed cost estimates for the proposed well included in the Rufener B Unit. Monthly operating expenses were estimated from our experience in other Utica / Point Pleasant Shale wells and our contractual fees with associated service providers. The cost per well is explained on Attachment 2, Exhibit 5.

**Q19. Based on this information and your professional judgment, does the value of the estimated recovery from the operations proposed for the Rufener B Unit exceed its estimated costs?**

A19. Yes. The net present value (PV(10)), which accounts for capital expenditures and operating costs with unit operations is approximately \$9.732 million. Assuming a unit order is granted the gross value of production is \$29.953 million. The PV(10) without an order authorizing unit operation is zero as the unit well cannot be drilled without such an order. Also, as there can be no production without an order authorizing unit operation there is no gross value of production without a unit order.

**Q20. Did you assess the development of the area covering the Rufener B Unit if unit operations do not occur?**

A20. Yes. The attached Attachment 2, Exhibit 3 depicts the possible development of the unit area covering the Rufener B Unit if the proposed unit operations do not occur. As shown on the attached exhibit, in the absence of unit operations, the unit well cannot be drilled which results in a significant loss of both potential production and value. The estimates generated for regarding the non-unitized Rufener B Unit development are set out in detail in Attachment 2 Exhibit 5.

**Q21. Do you have an opinion as to whether the value of the estimated additional recovery from the proposed Rufener B Unit operations exceeds the operation's estimated additional costs?**

A21. I do. The proposed unit operations add approximately \$10.728 million to the unit development costs. As a result of that increased expenditure the net present value (PV-10) of the project increases approximately \$9.732 million. Also resulting from

1                   that increased expenditure the gross value of production increases \$29.953 million.

2   **Q22. Would you explain?**

3   A22. Yes. Through the proposed unitization, Eclipse is able to completely develop the  
4                   Rufener B Unit and as a result, the PV-10, which is net of costs, increases by  
5                   approximately \$9.732 million over the possible development without a unit order.

6   **Q23. And your opinions are based on your education and professional experience?**

7   A23. Yes.

8   **Q24. Does this conclude your testimony?**

9   A24. Yes.

## **Attachment 5**

**STATE OF OHIO  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL AND GAS RESOURCES MANAGEMENT**

In re the Matter of the Application of :  
Eclipse Resources I, LP for Unit Operation :  
: Application Date: October 22, 2020  
: Supplement Date: November 10, 2020  
Rufener B Unit :  
\_\_\_\_\_

**PREPARED TESTIMONY OF AUSTIN GRAYBILL  
ON BEHALF OF ECLIPSE RESOURCES I, LP (“ECLIPSE”)  
(LANDMAN)**

---

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Irving, Texas 75039

Attorney for Applicant,  
Eclipse Resources I, LP

Attachment 5

**PREPARED DIRECT TESTIMONY OF AUSTIN GRAYBILL**

## 1 INTRODUCTION.

## 2 Q1. Please introduce yourself to the Division.

3 A1. My name is Austin Graybill and I am a Senior Landman for Eclipse Resources I, LP  
4 (Eclipse).

## 5 Q2. What is your educational background?

6 A2. I have a Bachelor of Science degree in Wood Products from the Pennsylvania State  
7 University in State College, Pennsylvania.

8 Q3. Would you briefly describe your professional experience?

9 A3. I have more than ten years of professional experience as a landman. I began my ca-  
10 reer in 2006 working for T.S Calkins and Assoc., Inc. in Bradford, Pennsylvania. I  
11 was tasked with the following responsibilities: (1) acquiring leases and rights of way  
12 in the States of New York and Pennsylvania; (2) acquire location approvals for con-  
13 struction of well locations and pipelines; (3) cure title in preparation for drilling of  
14 wells. In April 2013, I joined Eclipse as a landman.

#### 15 Q4. What do you do as a Senior Landman for Eclipse?

16 A4. I am responsible for managing land assets in Ohio. My daily responsibilities include  
17 unit formation, lease analysis, creating and obtaining joint operating agreements from  
18 competitors. I also contact various landowners, working interest competitors and part-  
19 ners to negotiate oil and gas leases and/or working interest approvals.

20 Q5. Are you a member of any professional associations?

21 A5. Yes, I am a member of the American Association of Professional Landmen.

22 Q6. What is the purpose of your testimony today?

23 A6. I am testifying in support of the Application of Eclipse Resources I, LP for Unit Op-  
24 eration filed with respect to the Rufener B Unit, as specifically described in Exhibit A  
25 and A-1 to the Unit Operating Agreement. In particular, I will describe the efforts  
26 made by Eclipse to put the Rufener B Unit together and the Unit Plan that Eclipse is  
27 proposing.

## 28 EFFORTS MADE BY ECLIPSE TO LEASE UNIT TRACTS.

1   **Q7.**   The Application submitted by Eclipse indicates that it owns the oil and gas rights  
2            to more than 389.568 acres of the proposed 484.609 acre unit. Would you de-  
3            scribe how Eclipse acquired those rights?

4 A7. Eclipse acquired a majority of its oil and gas rights through leasing efforts between  
5 2012 and 2020. In the last two years, Eclipse acquired its remaining oil and gas rights  
6 via trades with several competitors. Eclipse owns approximately 80.38816% of the  
7 unit or 389.568 acres.

## 8 Q8. Are there other operators in the unit?

9 A8. Yes. CGI, Inc., (“CGO”) holds the working interest for Tract 3 which amounts to  
10 4.26942% or 20.69 acres of the Rufener B Unit. Equinor USA Onshore Properties,  
11 Inc., (“Equinor”) holds the working interest for Tract 10 which amounts 6.24111% or  
12 30.245 acres of the Rufener B Unit.

13 Q9. Have any of these operators agreed to participate in unit operations?

14 A9. No. The interests of CGO and Equinor remain uncommitted. These interests are set  
15 out in detail in Exhibit A-5 of the Unit Operating Agreement.

16 Q10. Please describe any unleased interest in the Rufener B Unit?

17 A10. There are several unleased mineral owners in the Rufener B Unit. These unleased  
18 mineral owners own interests in Tract Nos. 1, 2, 6, 23, 24, 29, 30, 36, 40, 42, 43, 46,  
19 48, 51, 52, 55, 60, 61, 62, 63, 64, 65, 66, 67, 68, 71, 72, 73, 74, 75, 76 and 77 – being  
20 9.10131% of the unit acreage or 44.106 acres of the Rufener B Unit.

**21 Q11. Who are these unleased mineral owners?**

22 A11. Several of the owners are the holders of fractional interests in the oil and gas underly-  
23 ing several different parcels within the unit. The majority of these interests were cre-  
24 ated by the severance of the oil and gas estates that took place in the late 19<sup>th</sup> century  
25 or early 20<sup>th</sup> century. Also, Rex J. Randall and Elaine L. Randall own Tract Nos. 23,  
26 24, 60, 61, 62, 64, 67, 68, 71, 72, 73, 75 and 77; Steven Fleming owns Tract Nos. 42,  
27 43, 51 and 52; the Estate of Donna Mae Coplan owns Tract Nos. 29 and 30; the  
28 Laings Presbyterian Cemetery, Inc., owns Tract 36; the Laings Presbyterian Church  
29 owns Tract 48; Monroe Water Systems owns Tract Nos. 65, 66 and 76; Kenneth J.  
30 Knepp and Renee J. Knepp own Tract 40; David P. King and Hattie J. King each own  
31 a 50% interest in Tract Nos. 46 and 55; Chet D. John and Amanda M. Johnson own

1 Tract Nos. 63 and 74. These interests are broken down in detail on Exhibit A-3 of the  
2 Unit Operating Agreement.

3 **Q12. Has Eclipse attempted to obtain leases from these unleased mineral owners?**

4 A12. Yes, Eclipse has attempted to lease each of the unleased mineral owners.

5 **Q13. Have you prepared an affidavit detailing Eclipse's efforts to obtain a lease from  
6 the unleased mineral owners?**

7 A13. Yes, an Affidavit of Contacts details Eclipse's efforts to obtain voluntary lease agree-  
8 ments from the unleased mineral interest owners as well as efforts concerning uncom-  
9 mitted working interests. This affidavit is attached as Attachment 2, Exhibit 7 to this  
10 Application.

11 **Q14. Do you have an exhibit to your testimony that illustrates both leased and un-  
12 leased tracts and uncommitted working interests and committed working inter-  
13 ests in the Rufener B Unit?**

14 A14. Yes, Attachment 2, Exhibit 3 to this Application is a color-coded plat map showing  
15 both leased (to any committed working interest owner) unleased tracts and committed  
16 working interests within the Rufener B Unit. The leased tracts that are committed to  
17 unit operations are shown in yellow and the tracts that are unleased are in red while  
18 tracts that are partially leased and partially unleased are shown in red and yellow  
19 cross hatching.

20 **Q15. Do you have an aerial plat of the Rufener B Unit?**

21 A15. Yes, an aerial plat of the Rufener B Unit is attached as Attachment 2, Exhibit 4 to the  
22 Application.

23 **UNIT PLAN PROVISIONS.**

24 **Q16. Would you describe, generally, the development plan for the Rufener B Unit?**

25 A16. Yes. As shown in Attachment 2, Exhibit 4 to the Application, Eclipse intends to de-  
26 velop the Rufener B Unit by drilling one horizontal well of approximately 12,477 feet  
27 in length from an existing well pad located off the southern portion of the unit. The  
28 approximate location of the lateral is depicted on Attachment 2, Exhibit 3 to the Ap-  
29 plication.

30 **Q17. Does Eclipse have a specific timeline for drilling the well in the Rufener B Unit?**

31 A17. We anticipate drilling the well as early as the first quarter of 2021.

1 Q18. Does Eclipse have any other development activity in the immediate area?

2 A18. Yes. Attachment 2, Exhibit 6 depicts the development units operated by Eclipse in the  
3 immediate area of the proposed Rufener B Unit.

4 Q19. Are you familiar with the Unit Plan proposed by Eclipse for the Rufener B Unit?

5 A19. Yes. The Unit Plan proposed by Eclipse is attached to the Application and consists of  
6 an initial document that establishes the non-operating relationship between the parties  
7 in the unit, and an operating agreement and related exhibits that establish how the unit  
8 is going to be explored, developed and produced.

11 A20. Yes. The general intent of the Unit Plan is to effectively combine the oil and gas  
12 rights and interests in the Rufener B Unit in a uniform manner so that they can be de-  
13 veloped as though each of the tracts were covered by a single lease.

14 Q21. Are all of the oil and gas rights in the proposed unit combined?

15 A21. No. The Unit Plan unitizes the oil and gas rights only in and related to the Unitized  
16 Formation.

17 Q22. How would production from the Rufener B Unit be allocated?

18 A22. On a surface-acreage basis. Under Article 4 of the Unit Plan, every tract is assigned a  
19 tract participation percentage based on surface acreage as shown on Exhibit A-2 to  
20 the Unit Operating Agreement. Article 5 of the Unit Plan allocates production based  
21 on that tract participation.

22 Q23. Would you go through an example from Exhibit A-2 to the Unit Operating  
23 Agreement to illustrate what you mean?

24 A23. Yes. If you look at Exhibit A-2 to the Unit Operating Agreement “Tract Participa-  
25 tion” shows the related tract participation of each tract, which is calculated by multi-  
26 plying the decimal interest in the tract by the surface acres in the unit and dividing the  
27 total number of surface acres in the tract included in the unit by the total number of  
28 surface acres in the Rufener B Unit. On the same exhibit, if you were to refer to Tract  
29 3, you will see that “Penni M. Darrah” owns 100% of a tract of land in which 20.69  
30 acres of said tract are located within the Rufener B Unit, which equates to a Tract  
31 Participation of 0.0426942 ((20.69\*1.0)/484.609 = 0.0426942 or 4.26942%).

1 Q24. What does that mean in terms of production allocated to that particular tract?

2 A24. It means that 0.0426942 or 4.26942% of the production in the unit would be allocated  
3 to that interest in Tract 3.

6 A25. Yes.

7 Q26. In your experience, is that an unusual way to allocate production in a unit?

8 A26. No. This method is a customary method for allocating production in a unit.

## 9 Q27. How are unit expenses allocated?

10 A27. Expenses are allocated in the same manner as production in the unit, on a sur-  
11 face-acreage basis. Article 3 of the Unit Plan provides that expenses, unless otherwise  
12 allocated in the Unit Operating Agreement, will be allocated to each tract of land  
13 within the unit in the proportion that the surface acres of each tract included in the  
14 unit bears to the surface acres of the entire unit.

## 15 Q28. Who pays the unit expenses?

16 A28. According to the terms of the proposed Unit Plan, the working interest owners.

17 Q29. Do the royalty owners pay any part of the unit expenses?

18 A29. No. Royalty owners do not pay any part of the unit expenses unless the terms and  
19 conditions of the royalty owner's oil and gas lease so dictate.

20 Q30. Let's turn to the Unit Operating Agreement. It appears to be based upon  
21 A.A.P.L. Form 610 – Model Form Operating Agreement, is that correct?

22 A30. Yes. We typically use a modified version of the 1989 agreement. The Form 610, to-  
23 gether with its exhibits, is a commonly used form in the industry and is frequently  
24 modified to fit the needs of the parties and circumstances.

25 **Q31. Would it be fair to say that you are familiar with the custom and usage of the**  
26 **Form 610 and other similar agreements in the industry?**

27 A31. Yes.

28   **Q32. Turning to the Unit Operating Agreement in particular, does it address how unit**  
29           **expenses are determined and paid?**

30 A32. Yes. Article III of the Unit Operating Agreement provides that all costs and liabilities  
31 incurred in operations shall be borne and paid proportionately by the working interest

1       owners, according to their Unit Participation percentages. Those percentages can be  
2       found in Exhibit A-2 to the Unit Operating Agreement. Moreover, the Unit Operating  
3       Agreement has attached to it an accounting procedure identified as Exhibit C that of-  
4       fers great detail regarding how unit expenses are determined and paid.

5       **Q33. That's commonly referred to as the COPAS?**

6       A33. Yes. That acronym stands for the Council of Petroleum Accountants Societies and is  
7       a commonly used form in the industry.

8       **Q34. Based upon your education and professional experience, do you view the terms  
9                    of Exhibit C as reasonable?**

10      A34. Yes.

11      **Q35. Will there be in-kind contributions made by owners in the unit area for unit op-  
12                    erations, such as contributions of equipment?**

13      A35. No.

14      **Q36. Are there times when a working interest owner in the unit chooses not to – or  
15                    cannot – pay their allocated share of the unit expenses?**

16      A36. Yes, and this type of situation is not uncommon in the industry. The Unit Operating  
17        Agreement gives working interest owners the flexibility to decline participating in an  
18        operation that they either cannot afford or believe will be unprofitable. The remaining  
19        parties can then proceed at their own risk and expense.

20      **Q37. Generally, how is the working interest accounted for when an owner chooses not  
21                    to participate in an operation?**

22      A37. A working interest owner who cannot participate or chooses not to participate in an  
23        operation is considered a non-consenting party. If the remaining working interest  
24        owners decide to proceed with the operation, the consenting parties bear the full cost  
25        and expense of the operations. A non-consenting party is deemed to have relinquished  
26        its interest in that operation until the well revenues pay out the costs that would have  
27        been attributed to that party, plus a prescribed risk penalty or non-consent penalty.

28      **Q38. Can a working interest owner choose to go non-consent in the initial well in the  
29                    Rufener B Unit?**

30      A38. Under the terms of Article VI of the Unit Operating Agreement, any non-consenting  
31        interest owner can choose not to participate in the unit's initial. The Unit Operating

1       Agreement provides that a non-participating interest owner shall be deemed to have  
2       relinquished its working interest to the other parties in the unit, with a back-in provi-  
3       sion and risk factor of 500%.

4       **Q39. But if the working interest owner still has a royalty interest in the unit, that roy-  
5       alty interest would remain in place and be paid?**

6       A39. Yes, that royalty interest would still be paid.

7       **Q40. Where are the risk factors for subsequent operations set out in the Unit Operat-  
8       ing Agreement?**

9       A40. They are set out in Article VI.A & B of the Unit Operating Agreement.

10      **Q41. Are the percentages included in the Unit Operating Agreement unusual?**

11      A41. No, the percentages include in the Unit Operating Agreement are not unusual for hor-  
12       izontal drilling programs. Because of the significant costs associated with drilling  
13       horizontally through the Utica Shale (often in excess of \$10,000,000 to plan, drill,  
14       and complete) it is common for companies to incorporate into their joint operating  
15       agreements a risk factor that is proportionate to the substantial financial commitment,  
16       and these percentages are frequently much higher than those contained in the Unit  
17       Operating Agreement.

18      **Q42. I believe you've already described generally the documents in Exhibits A and C  
19       to the Unit Operating Agreement. Let's turn therefore to Exhibit B of the Unit  
20       Operating Agreement. What is it?**

21      A42. Exhibit B is a standard oil and gas lease form that is attached to the Unit Operating  
22       Agreement to govern any unleased interests owned by the parties. Article III.A of the  
23       Unit Operating Agreement provides that if any party owns or acquires an oil and gas  
24       interest in the Contract Area, then that interest shall be treated for all purposes of the  
25       Unit Operating Agreement as if it were covered by the form of lease attached as Ex-  
26       hibit B.

27      **Q43. Does this oil and gas lease contain standard provisions that Eclipse uses in con-  
28       nection with its operations in Ohio?**

29      A43. Yes.

30      **Q44. Moving on to Exhibit D of the Unit Operating Agreement, would you describe  
31       what it is?**

1 A44. Yes. Exhibit D is the insurance exhibit to the Unit Operating Agreement. It sets forth  
2 coverage amounts and limitations, and the insurance terms for operations conducted  
3 under the Unit Operating Agreement. For example, it requires insurance coverage for  
4 Worker's Compensation, General Liability, Auto Liability, Excess Liability, Cost of  
5 Well Control and Care, and Pollution Liability.

6 **Q45. Would you next describe to the Division Exhibit E of the Unit Operating Agree-  
7 ment?**

8 A45. Yes. Exhibit E of the Unit Operating Agreement is the Gas Balancing Agreement,  
9 which further details the rights and obligations of the parties with respect to market-  
10 ing and selling any production from the Contract Area.

11 **Q46. In your professional opinion, given your education and experience, are the terms  
12 of the Unit Plan, including the terms of the exhibits just discussed, just and rea-  
13 sonable?**

14 A46. Yes.

15 **Q47. Does this conclude your testimony?**

16 A47. Yes.

## **Attachment 6**

STATE OF OHIO  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL AND GAS RESOURCES MANAGEMENT

In re the Matter of the Application of :  
Eclipse Resources I, LP for :  
Unit Operation :  
: :  
Rufener B Unit :

**WORKING INTEREST OWNER APPROVAL OF UNIT PLAN FOR THE RU-FENER B UNIT MONROE COUNTY, OHIO**

Eclipse Resources I, LP (“Applicant”) has prepared and/or filed an application asking the Chief of the Division of Oil and Gas Resources Management to issue an order authorizing Applicant to operate the Rufener B Unit located in Monroe County, Ohio, according to the Unit Plan, as defined in the application (the “Application”) which consists of a plan for unit operations entitled “Plan for unit operations the Rufener B Unit Green Township Monroe County, Ohio” (“Plan for Unit Operations”) and an operating agreement titled “A.A.P.L. Form 610-1989 MODEL FORM OPERATING AGREEMENT” (“Unit Operating Agreement”).

Eclipse Resources I, LP hereby approves the Plan for Unit Operations and the Unit Operating Agreement as well as supports the filing of the Application. In witness whereof, the undersigned has executed this instrument on the date set forth below the signature of its representative.

Committing working interests in 46 tracts;

Covering approximately 389.568 acres;

Representing working interests that make up approximately 80.388% of unit acreage; all as more specifically described on Exhibit A attached hereto.

Eclipse Resources I, LP

By: Austin Graybill  
Name: Austin Graybill  
Title: Senior Landman

Date: 11-4-2020

**EXHIBIT A**

Attached to and made a part of that certain  
Working Interest Owner Approval for the Rufener B Unit, by  
Eclipse Resources I, LP

TRACT NUMBER	NET ACRES IN UNIT	TRACT PARTICIPATION IN UNIT	TAX MAP PARCEL ID
1	14.157	0.0292135	09-023011.0000
2	13.598	0.0280595	09-023010.0000
4	1.056	0.0021791	09-018014.0000
5	1.214	0.0025051	09-017009.0000
6	81.599	0.1683816	09-017002.0000
7	10.162	0.0209695	09-017001.0000
8	18.929	0.0390604	09-017006.0000
9	38.445	0.0793320	09-017004.0000
11	41.127	0.0848664	09-017007.0000
12	0.050	0.0001032	09-010016.0000
13	0.647	0.0013351	09-016016.0000
14	2.383	0.0049174	09-016007.0000
15	39.924	0.0823839	09-010009.0000
16	28.138	0.0580633	09-011011.0000
17	2.459	0.0050742	09-010009.1000
18	1.008	0.0020800	09-011012.0000
19	2.913	0.0060110	09-011036.0000
20	7.137	0.0147273	09-010021.0000
21	2.792	0.0057613	09-010002.0000
22	3.839	0.0079219	09-011005.0000
25	2.041	0.0042116	09-011013.0000
26	0.522	0.0010772	09-010002.1000
27	7.111	0.0146737	09-010011.0000
28	1.705	0.0035183	09-011027.0000
31	0.520	0.0010730	09-011016.0000
32	5.294	0.0109243	09-011018.0000
33	4.599	0.0094901	09-011037.0000
34	2.082	0.0042962	09-011014.0000
35	15.870	0.0327481	09-011020.1000
37	0.971	0.0020037	09-011021.0000
38	31.362	0.0647161	09-011019.0000
39	2.019	0.0041662	09-011020.0000
41	0.211	0.0004354	09-031020.0000
44	0.211	0.0004354	09-031025.0000
45	0.280	0.0005778	09-031028.0000
47	0.211	0.0004354	09-031032.0000
49	0.210	0.0004333	09-031034.0000
50	0.254	0.0005241	09-031019.0000
53	0.254	0.0005241	09-031026.0000
54	0.337	0.0006954	09-031027.0000
56	0.254	0.0005241	09-031031.0000
57	0.034	0.0000702	09-031035.1000
58	0.251	0.0005179	09-031035.0000
59	0.252	0.0005200	09-031018.0000
69	0.926	0.0019108	09-031001.0000
70	0.210	0.0004333	09-031017.0000

## **Attachment 7**

ToName	ToCompany	ToAddress	ToAddress2	ToCity	ToState	ToZip	ToZip4
Alvin O and Connie Thompson		43857 State Route 255		Woodsfield	OH	43793	
Amy M R Rouse and Jay R Rouse		3704 Larkwood Road		Anderson	IN	46012	
Brd of Trt of Green Township		43022 Six Points Road		Woodsfield	OH	43793	
Heather Donaldson	Bounty Minerals LLC	777 Main St	Suite 3400	Fort Worth	TX	76102	
Brian and Beth Ann Janes		1304 Grappenhall Drive		Apex	NC	27503	
Chane L Devier		42900 Homer Reef Road		Sardis	OH	43946	
Charles W Haney		421 Seminole Drive		Blacksburg	VA	24060	7874
Chet D and Amanda M Johnson		PO Box 9		Laings	OH	43752	
Chris L Starr		1255 Colony Road		Salineville	OH	43945	
David P King		42971 Six Points Road		Laings	OH	43752	
Donald George and Barbara Thompson		43904 State Route 255		Woodsfield	OH	43793	
Doris Craig		44815 Township Highway 476A		Woodsfield	OH	43793	
Eleanor M Craig		51404 Mellot Ridge Road		Beallsville	OH	43716	
Est of Donna Mae Coplan		44355 State Route 255		Laings	OH	43752	
Evelyn Craig		3961 Andrus Avenue		Columbus	OH	43227	
Gary Williamson		30991 Township Road 843		Lower Salem	OH	45745	
Larry C Oldham	Gateway Royalty V LLC	2701 Colonial Parkway		Fort Worth	TX	76109	
Gordon and Kay Lange		2400 Hartville Road		Mogadore	OH	44260	
Hattie J King		42971 Six Points Road		Laings	OH	43752	
Helen Craig		3961 Andrus Avenue		Columbus	OH	43227	
Homer D and Nancy K Rufener		46520 John Lengacher Rd		Sardis	OH	43946	
Ian and Karen McKendry		22352 Dakota Road		Lawrenceburg	IN	47025	
Jason and Lesley Workman		43101 Six Points Road		Laings	OH	43752	
Jeffrey Morrow		40379 State Route 7		Clarington	OH	43915	
John W McCaslin		43036 Six Points Road		Woodsfield	OH	43793	
Jon J and Shirley A Kraft		44890 Township Highway 452		Woodsfield	OH	43793	
Unk	JON TRU LLC	44467 SR 225		Woodsfield	OH	43793	
Judith Cosentino		4738 N Fisk Avenue		Kansas City	MO	64151	

Kayla and Marie Thompson		44569 Neuhart Road		Woodsfield	OH	43793	
Kenneth J and Renee J Knepp		125 Merle Boulevard		Monroe Falls	OH	44262	
Kevin Janes		80 Squire Court		Dunedin	FL	34698	
Rex Randall	Laings Presbyterian Cemetery Inc	43005 Six Points Road		Laings	OH	43752	
Rex Randall	Laings Presbyterian Church	43005 Six Points Road		Laings	OH	43752	
Lance George Glaze		8657 Eldora Drive		Cincinnati	OH	45236	
Larry D Coplan		7436 E Northwest Highway		Dallas	TX	75231	
Leann L Heavener		43285 Six Points Road		Woodsfield	OH	43793	
Leo D Starr		558 Colony Park Drive	Apt 202	Tallmadge	OH	44278	
Lisa and Kenneth Meyer Jr		118 Eldorado Drive		Marietta	OH	45750	
Lois Starr		33250 De Voe Road		Lewisville	OH	43754	
Mark E McCaslin		43036 Six Points Road		Woodsfield	OH	43793	
Marlon B and Linda K Workman		44135 State Route 255		Laings	OH	43752	
Mary L Thompson		7244 River Bend Road		Nashville	TN	37221	
Eliane Alleman	Monroe Water Systems	42994 Six Points Road		Laings	OH	43752	
Pamelia Wagner		1960 Justin Way	Apt 3	Aberdeen	OH	45101	
Paul Craig		46088 Dogskin Road		Sardis	OH	43946	
Penni M Darrah		41625 Township Road #449		Woodsfield	OH	43793	
Phillip J and Lesley D Bonfini		51205 TR 9		Woodsfield	OH	43793	
Ramona T and Kenneth Noland		208 Leeward Road		Newport News	VA	23601	
Rebecca R Devier		42900 Homer Reef Road		Sardis	OH	43946	
Rebecca R Morrow		3347 Dublin Rd		N Charleston	NC	29420	
Rebecca Vezina		120 E Pike Street		Fayetteville	OH	45118	
Rex J and Elaine L Randall		PO Box 3		Laings	OH	43752	
Rita Young		1855 Honeychuck Lane		Kenty	OH	44240	
Robyn K and David M Crow		5497 Morgan Center Road		Mount Vernon	OH	43050	
Roger and Sheila Stollar		101 Olin Drive		Woodsfield	OH	43793	
Sheryl Janes		PO Box 462		Luther	OK	73054	
Unk	Shirley I Ludwig Fmy Ptr LP	39831 Cranes Nest Road		Woodsfield	OH	43973	
Stephanie A Devier		42900 Homer Reef Road		Sardis	OH	43946	
Stephen M and Tru L Jorris		43577 Township Road 45		Woodsfield	OH	43793	
Steven Fleming		44350 State Route 255		Woodsfield	OH	43793	
Terry and Nina Ice		45338 State Route 255		Woodsfield	OH	43793	

Unk	The Donald G and Barbara J Thompson Fmy Trt dtd Oct 21 2014	43904 State Route 255		Woodsfield	OH	43793	
Thomas B and Mary A Ollom		44282 State Route 255		Woodsfield	OH	43793	
Unk	Trts of the Laings Crh of Christ	44427 State Route 255		Laings	OH	43752	
Unk heirs and assigns of Colin Stevens		Unk		Unk	Unk	Unk	
Unk heirs and assigns of Jennifer Stevens		Unk		Unk	Unk	Unk	
Unk heirs and assigns of Margaret Smith		Unk		Unk	Unk	Unk	
Unk heirs and assigns of Williams Stevens		Unk		Unk	Unk	Unk	
Wayne E Thompson		10234 Akron Road		Rittman	OH	44270	
William J and Deborah L Schinkovec		365 Daniels Run Road		Scenery Hill	PA	15360	
Taylor Airey	Eclipse Resources I LP	122 W John Carpenter Fwy	Suite 300	Irving	TX	75039	
Ryan Horn	Equinor USA Onshore Properties Inc	6300 Bridge Point Parkway Bldg 2	Suite 100	Austin	TX	78730	